Electronic Government: The New Age







Government Sales Consultants, Inc.

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SELLING FROM A GSA SCHEDULE

With the demise of the Brooks Law, with the continued ineptness of GSA, with the new rules for schedule, including spot pricing, etc. the schedule selling game has been drastically changed. Historically, schedule business has been around 10% of federal spending. This will rise drastically to as much as 20 to 25% for a variety of reasons, including the problems with FACNET, the GSA push for schedule business and their lust for the 1% fee, the Advantage system, etc.

Dealing with schedule sales is very, very different from most other methods of getting a contract. You are dealing with lesser skilled federal buyers in most cases. This leads to much opportunity and many problems.

If you are selling to an agency like a DIA, they simply do whatever they want. Until hauled into court. This is great if they want you. Terrible if they want Brand X instead. Your move. Give up or haul them into court or improve your sales skills.

The general belief in industry and government is that if it is on schedule we can buy whatever we want. Simply not true. Even with the demise of the Brooks Law, the GSBCA and the FIRMR as a result of the recent signing of the Defense authorization Act this is not true. See FAR 7.4 and 8.4.

The case law is replete with schedule order protests involving wired specs, improper life cycle cost evaluation, etc.

In a recent court case, ATA Defense Industries, the Court of Claims ruled that open market items can't be mixed with schedule items. Send us an e-mail for a five page summary of this case, or \$10 for the entire 29 page opinion.

If you are interested in GSA schedule business you need this case and the Komatsu Dresser case.

Five major schedule groups exist and they have some differences with regard to mandatory usage, discount data required, and many others as well. Two schedule groups, medical and data base access are handled by VA and Library of Congress respectively under GSA authority.

The rules are not exactly the same for all groups and they tend to behave somewhat differently. It is important to understand these differences. An item in Group 61, for example, can't be discounted on a subcontract to EDS for an Air Force RFP as can be done in Group 70. This can be a very expensive lesson to learn the hard way.

Another factor to take into account is that very, very often a buyer in a small purchase shop will not really understand the various schedule differences and will often relay, unwittingly, incorrect information. Just recently a buyer told a client that she couldn't accept a price other than the schedule price. This buyer is a GS-9 because she is inexperienced. She is simply wrong. But the circumstances under which she can accept a lower price than that reflected in the GSA depends upon which schedule is under discussion. Does your vice president understand this vital area?

The balance of this paper will deal with the actual selling process and the problems. Item one is how to penetrate the account. Item two is what to do when Vendor X has done so and you are frozen out.

ACCOUNT PENETRATION

When selling from a GSA, you will encounter a number of situations. One is when the agency does not use your product, does not understand the product, a similar product or appears not to need the product. This is one of the toughest sells. The engineer need a Cad system but doesn't understand this or fears it. Missionary sales work is expensive and can take a year or two. Your firm is best advised to hire a sales group on salary for this project or wait for the market to mature. If you have to show the agency the uses of CD ROM, it will be a long winter. This is often true. Some agencies will be leading edge and often paying for state of the art boundary movement. Most agencies will be trailing edge for a new product like GIS, etc.

This nut takes a while to crack and is best done so with trade shows, your own special invitee trade show, getting articles in trade journals about success stories in related industries, states, commercial, etc. White papers, videos, demos, desktop shows at the local military base, etc. are all methods to deal with this problem. But it is often two to

five years before enough nuts are cracked to make the boss happy. If your firm prepared to play in this arena? Most aren't, understandably.

Another difficult problem is when the agency has already fallen in love with another vendor and seems to want nothing to do with you, your product, your technical superiority and the savings which could be realized.

In order to crack this account you have many of the basic problems you encounter in commercial sales and in Sales 101. But you also have some advantages you do not have in the commercial world. A number of people in each agency have the responsibility to improve operations, to save money, to help small business firms, etc. You need to know who they are by title and function.

They include the local SBA rep at the Agency, the IG, the Competition Advocate, the Higher Procurement Official, perhaps the management analysis division, etc. Find them, know them, use them. Keep the pressure on and you might be amazed at what can happen.

Some people in finance are responsible with savings and cost cutting even when the buyer is inept and/or the user is in love with the guy up the street. For example, it never hurts to write to those in charge and visit them and point out the savings. It never hurts to ask them to give you a try. You can often loan them a demo for a month or do a little job for free or take them to visit a very happy account with similar problems and concerns.

In one case, at Aberdeen, my client was getting zero schedule business. Our competition had it locked up, the user was not interested and the buyer was gutless. We still got in and locked the other guy completely out. Call and we'll discuss the technique used. We took several million away from an entrenched vendor in less than 30 days. We were not nice. The user and the buyer were both mad. Who cares?

Perhaps the most difficult schedule selling case happens when I am getting the business, you are more expensive but better and the user does not understand or care. In this event, you have to do a life cycle cost analysis or solve a problem with your system that my system leaves undone. You really earn your money and the techniques will vary with each case. But you must convince the user and have an in-house champion. Please refer to the sources section of this article for more information.

Sometimes the key to success is the user, sometimes the manager or budget guy and sometimes the contract shop. I have seen the buyer show the techie the preferred product and the price and the substitute that the techie does not want and challenge him to

convince the buyer why I should buy the more expensive product. If the user is not well versed in procurement, and few are, the cheaper product will win this face off most of the time. Now you are in. Don't be late, don't lie, don't oversell, ship on time, make sure it works, service the account to death until her mother forgets about that nice James, what's his name, Sweet Sue used to be engaged to.

VENDOR X WINS AGAIN

The most interesting part of schedule selling lies here. I remember reading the CBD and finding an item where a cabinet agency was going to buy 30 machines from our major competitor. Since our machine was faster and cheaper we should own this business. But this was a civilian agency with techies strongly influenced by the competition and a mostly inept contract shop - that could be any of 45 agencies, couldn't it?

We jumped on this item, jumped on the contracting shop, read them the FAR/FIRMR rules and within two weeks we had a sole source for 35 machines. Their finite budget amount would buy more of ours and they, indeed, were 25% faster. But you have to be prepared to fight to the death. In order to appear a viable opponent, your sales guy needs to know how to open his mouth and spout a lot of specialized knowledge about GAO case law, life cycle cost, basic government procurement fundamentals about competition, savings, total cost, actual cost, present value, minimum government needs, etc. Most sales people are ill prepared for this since they have read the commission plan several hundred times and the FAR not once.

Does your firm have a basic sales department file full of schedule case law? Get it, if not. I'll bet you \$500 you don't have it.

I had a client get a schedule order for a \$35,000 system from an FSS schedule last year. Almost all FSS schedules and, indeed, almost all schedules no longer require CBD synopsis. So the biggest problem is finding out my client just got the order. The sales guy for Vendor X found out, bless his greedy little mind. He went into the CO, got the statement of work, presented his schedule price of \$30,000 for a comparable system and took the order away. We had not yet built and shipped. They had not paid. It was a commercial item. No T for C costs. He ran away with the order. My client called up and asked me, "Can he do that? I have never had that happen in my 35 years in this business." It happened and my client had been in a lucky dream world for all of those years. He, of course, had never read FAR 8.4. Probably still hasn't. He is now retired and probably never quite figured it out.

It happens all of the time. Remember life cycle cost is much different than schedule cost, first year cost, no present value cost, etc. The agencies are almost always required to do a multi-year life cycle cost including residual value, present value, etc. Know this portion of the FAR and the case law cold.

I had a client go into Treasury the last week of the fiscal year. The user told him to see the buyer. The buyer told him the order he had been working had just been given to Vendor X because his schedule price was \$206,000 and your price was \$215,000.

The sales guy, a veteran of the process, said that was last week. He then pulled out a piece of letterhead and wrote a schedule TPR. This is a temporary price reduction. From this day until the end of the contract year (six days from now), all GSA schedule orders will be booked at the end of fiscal year, end of Gulf War special price of \$202,000.

The CO tore up the other order and wrote my client an order. This is most unusual for a Treasury CO to know what to do or do anything. But he did, my client won and walked over to GSA and handed in his TPR. GSA smiled and said thank you. This deal was over. Today you may not even have to lower the price at GSA, depending upon which schedule group is involved.

THE PHONE RINGS

Some firms, from time to time, do a lot of business because they are well known, the products are good, the price is right, etc. and the phone just rings. Wang was in this enviable position at one time as were IBM, DEC, Xerox, Cray and many others. It seems not to last.

Even worst, it often causes a lazy approach and leads to getting far less business than a firm could get with greater skill. I know one firm doing in excess of \$600 million in federal business which is about 10% of their total. Yet they are not really skilled and should be doing 100-200% more. Try to explain that to a CEO or VP who has never read an RFP. Practically impossible.

We often feel like a coach with a lazy athlete who plays far below the potential and often screws up the plays but still is our most talented and leading player. If a firm is getting business because the phone just rings, enjoy it while it lasts. It never does. And figure out how much more we could get in federal if we would also show up for practice.

SOURCES OF INFORMATION

Many people know an agency or two well. Few ever know five agencies intimately. This is most difficult. It is like trying to please three wives or bosses at once. It takes superhuman effort. Smart firms keep the Army manager in the same job for many, many years. it is not unusual for such a person to know more about the needs of the Army than any single Army official. They do tend to rotate frequently. Smart vendors do the same in states. I know one firm which has had the same sales manager in one state for more than 14 years. How does that compare to your structure?

Many sources of information can help. Agency telephone books, bulletin boards, agency organization charges and mission statements, etc. Free or cheap and easy to get since they are public to some degree.

Start here. The go to the commercial directories. Several exist. All are very nice. You might want them all. We mostly use the one from Staff Directories in Alexandria, VA. The phone number for IQ Staff Directories is (703) 739-0900. Several regional ones exist so you can find out who runs IRS in Omaha. Some are paper and some are digital or CD ROM. You can't have too much information and it is cheap compared to the value.

If your target is Army accountants, there is a trade association or professional association which you need to be in. Many exist. Groups such as AFCEA, many commercial firms, including ours, trade shows galore and all are at your beck and call.

Putting on your own periodic half day trade shows with shrimp and drinks from 1 to 5 pm is a good bet. Government employees live in fear of not knowing what is new and happening. They are often very eager to slip out for a half day show and go home early, pausing only to consume a dozen of your jumbo shrimp. We have seen clients draw 500 key people from agencies and primes. Don't forget primes. They, too, can buy from your GSA Schedule, see FAR Part 51. These shows should be couched as state of the art reviews as opposed to product pitches, if possible.

Many agencies allow periodic in-house product shows for a half day and these can be quite valuable as well. Many venues exist to reach into agencies, find out their problems, help solve them and use all of this as a method of obtaining schedule business. Truly astounding things can and do happen. Recently the DT IV sole source extension was delayed and Gateway exploited this to jump their annual schedule business from about

\$10 million to \$81 million.

Schedule business is part luck, part sweat, part positioning, part skill and experience, part preparations, lots of phone calls and visits and much initiative.

One of the most overlooked opportunities is the National Contract Management Association. It is cheap and NCMA helps keep you informed and helps you meet other professionals in other firms and especially, agencies. Many opportunities exist for meetings, speeches, etc. And, best of all, you seldom see a DEC or HP sales guy there. Call NCMA at (703) 448-9231 for information.

Good luck in this free for all business. May the best team win. But don't, for an instant, think that the USDA can buy from any vendor on any schedule their little hearts desire. Simply not true. Study the case law. Challenge their decisions when appropriate, but with great skill.

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9:30 AM	Terry Kelly, President, Terry Kelly Associates, Inc.	
10:15 AM	Federal IT Forecast 1998-2003 Michael Groneck, Director of Research, INPUT	
10:50 AM	Multi-Agency Panel Steve Charles, Partner, immixGroup, Moderator	
12:30 PM	Terry Orr, Washington Redskins	
1:30 PM	U.S. Commercial IT Market Norm Berthaut, Vice President, INPUT	
2:00 PM	GSA Smart Cards, Bill Holcombe, GSA	
3:00 PM	Procurement Reform Status Panel Tom Temin, Editorial Director, GCN, Moderator	
4:15 PM	Wrap Up, Jeremiah Cunningham, Director Federal Sales, INPUT	

1.	Please rate the following:	Scale 1 (Low) to 5 (High):
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G. Martin Wagner Associate Administrator Office of Governmentwide Policy U.S. General Services Administration

Tuesday July 7 • 12:45 - 1:30

Understanding the Transformation to Electronic Government

Learn what's new and what's next in the transformation to Electronic Government and explore the key issues facing government managers and citizens alike.



Tim Hoechst
Vice President, Technology
Oracle Government, Education, & Health
Wednesday, July 8 • 8:30-9:15

Enabling Information Through Network Computing

Network computing costs less, because it simplifies the administration of information systems. Discover how to exploit network computing and gain insights into the technology that supports this important new paradigm.



John G. Schwarz General Manager, Global Solutions IBM Corporation

Tuesday July 7 • 9:15 - 10:00

Transformation Trends Created by E-business

Learn why E-business places special emphasis on three multi-industry solutions: billing and payments, customer relationship management, and supply chain



Joel C. Willemssen Director of Civil Agencies Information Systems – GAO Thursday July 9 • 8:30 - 9:15

Are You Ready for Year 2000?

How vulnerable are we to "calendrical catastrophe?" Find out about the current and future impact of Year 2000 compliance and catastrophes on federal agencies and the citizens they serve.



Michael J. Saylor Founder, President and CEO MicroStrategy Thursday July 9 • 9:15-10:00

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Greg WoodsDeputy Director, National Partnership for Reinventing Government

Friday July 10 • 8:30 - 9:15

Proof Concepts of Electronic Government

The movement to reinvent government is hastening the evolution from stovepipe systems to fully integrated services. Learn about the proof concepts of Electronic Government-what has, can and will be done.



Marvin J. Langston
Director, Information Systems Office
Defense Advanced
Research Projects Agency
Friday July 10 • 9:15-10:00

IT and Our National Security

What is the real importance of sensor exploitation, information management and dissemination, command and control, human cognition, and information assurance to our future national security?



Honorable Emmet Paige, Jr.
President and Chief Operating Officer
OAO Corporation

Friday July 10 • 12:45-1:30

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Attendee Profile:

- 1. Which best describes your government agency/organization or group?
- A. Civilian
- B. Dept. of Defense
- C. Other Federal Branches
- D. State/Local
- 🚨 E. Non government
- 2a. Grade/Rank Active Military (check only one)
- ☐ B. Colonel/Captain (Navy) ☐ C. I t. Colonel/Commander
- 🖣 D. Major/Lt. Commander
- E. Other

- 2b. Grade/Rank Active Civilian (check only one)
- → E SES
- → G. GS/GM-15
- → H. GS/GM-14
- I. GS/GM-13
- J. GS-12☑ K. Other
- 3. How much does your organization plan to spend on communication, electronic or imaging equipment and services in the next year?
- A: Less than \$50K
- □ B. \$51K \$100K □ C. \$101K \$500K
- D. \$501K \$1M
- E. \$1M \$5M
- E \$5M +

- 4. What is your role in the purchasing process of communications, electronics, imaging and information systems and
- A. Final Decision Make
- B. Recommend

- C. SpecifyD. No role

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PETER A. CUNNINGHAM PRESIDENT

PROFILE

- Since he founded INPUT in 1974, Pete Cunningham has become one of the most well known analysts of the IT software and services industry. He is particularly respected for his forward thinking work in electronic business.
- INPUT provides marketing services and market research through subscription and custom study programs on Electronic Commerce, Electronic Government, Enterprise Applications Solutions, Internet/Intranet Solutions, Systems Integration, IT Customer Service and Operational Services (Outsourcing). INPUT's industry Buyers Guides enable IT vendors to place highly targeted messages in front of their prospects and customers.
- INPUT also provides the industry standard market forecasts for IT Software and Services at the worldwide, US and European country level. It supports competitive and acquisition analysis through its worldwide Vendor Analysis Program.
- Previously, Mr. Cunningham was a founder and President of J.W. Goodhew and Associates, Inc., a Washington, D.C. data processing consulting company. Prior to that, he held technical and management positions with ICL in the UK, CDC and Management Science America.
- He is a much sought after speaker who has appeared at countless venues in Europe and Japan as well as North America.

EDUCATION/PROFESSIONAL ACTIVITIES

- B.Sc. (Physics), Associate of the Royal College of Science, Imperial College, London
- MPA (Technology of Management), The American University, Washington, D.C.
- Fellow of the British Computer Society
- Member of the Worshipful Company of Information Technologists (Guild of the City of London)
- Member of the Board of Directors of ITS, the Professional Services arm of the ITAA
- Member of the Board of Advisors of Welsh, Carson, Anderson & Stowe, the leading investment company in US IT services companies

Dated: March 1, 1998

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Terry Kelly Biographical Sketch

Terry Kelly is President of Terry Kelly Associates, Inc. with offices in Great Falls, Virginia. The company she directs conducts seminars, public and tailored on a variety of federal procurement issues.

She was Vice President and Partner of Government Sales Consultants, Inc. (GSCI) for a total of ten years before forming Terry Kelly Associates, Inc.

She started her Information Technology career in 1970. She was Federal National Account Manager and Sales Manager at CPT Corporation for five years. Ms. Kelly consistently exceeded her branch sales quotas because of her extensive knowledge of the procurement process. Before GSCI, Ms. Kelly was with Analytics Communications Systems as Federal Sales Manager of their Communications Security Division.

An accomplished speaker, instructor and expert in Federal procurement practices, Ms. Kelly conducts frequent seminars on a variety of procurement-related issues. In addition she consults to government and industry on all facets of the federal procurement process.

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Terry Kelly Terry Kelly Associates, Ihc. WWW.terrykelly.com

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Welcome to constant competition. Where winning a contract is almost incidental...

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solution or otherwise known as the commercial world of You have just entered the "twilight zone" selling where they either want your they don't...

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· Services is the toba ticket

New Changes Mean New Opportunities

sellers are those who learn to take advantage In times of change, successful buyers and of the changes.



Sales 101

- Who Desistan Maken
- . What Unique solubous (bush value)
- When no account forcasting
- Where is the buy taking place
- HOW while acquisition statign is being used
- Why

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What Differentiates You?

customer focus

clear strategy

commodity vs. solution

niche

So Many Options

- Existing contracts

IDIQ vs GSA/BPA/Teaming

8(a)

Sole Source

Micropurchase

Buzz Word Of The Day

EXPLOSION.....

BPA's are exploding

GSA Schedules are exploding

IDIQ's are exploding

Sole Source Task Order's are exploding

Credit Card purchases are exploding

Have We Pushed the Envelope?

Moratorium's

Guidelines

Memo's

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Strategies

Summer 1998



Modular Contracting... So Who Will Take The Fall?

by Terry Kelly



The long awaited regulation on modular contracting has finally arrived. Industry has been anxious to see the way the Federal Acquisition Regulations

would address this revolutionary concept of procuring.

Modular contracting is defined as one or more contracts to acquire information technology systems in successive, interoperable increments.

The concept of modular contracting is that agencies should acquire information technology one piece at a time but that each piece should be a separate functional element of the total system.

The 1996 Information Technology Management Reform Act (ITMRA) mandated that modular contracting procedures be made part of the FAR. ITMRA is part of the Clinger-Cohen Act of 1996.

The regulations read as follows:

39.103 Modular contracting

- (a) Modular contracting is intended to reduce program risk and to incentivize contractor performance while meeting the Governments need for timely access to rapidly changing technology. Consistent with the agency's information technology architecture, agencies should, to the maximum extent practicable, use modular contracting to acquire non-major systems of information technology.
- (b) When using modular contracting, an acquisition of a system of information technology may be divided into several smaller acquisition increments that -
- (1) Are easier to manage individually than would be possible in one comprehensive acquisition;

In This Issue....

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Performance	page 1
Hot Off The Press	page 2
Did You Know?	page 4
Federal Procurement Seminar Schedule	page 4

Terry Kelly Associates, Inc.

(703) 450-6048

(2) Address complex information technology objectives incrementally in order to enhance the likelihood of achieving workable systems or solutions for attainment of those objectives;

Continued on page 2

Corporate Competitiveness/Past Performance in the Federal IT Market

by Steve LeCompte

During December 1997 and January 1998, FCW Government Technology Group Inc. (FCW) conducted a third annual major survey of federal government subscribers of *Federal Computer Week* to measure their perceptions of leading information technology product and service vendors. *Federal Computer Week* reaches a controlled circulation of over 80,000 readers, more than 65,000

of whom are federal government employees qualified based on substantial participation in acquisition of information technology products and services.

The survey consists of 925 interviews covering 83 companies. The prior year's survey, conducted during December 1996 and January 1997, included 806 government interviews

covering 78 companies. The inaugural survey, conducted during September and October 1995, included 400 government interviews covering 51 companies.

The objectives of this survey are twofold:

(1) Demonstrate a cost-effective approach to quantifying the compe-

Continued on page 3

Modular Contracting

Continued from page 1

- (3) Provide for delivery, implementation, and testing of workable systems or solutions in discrete increments, each of which comprises a system or solution that is not dependent on any subsequent increment in order to perform its principal functions;
- (4) Provide an opportunity for subsequent increments to take advantage of any evolution in technology or needs that occur during implementation and use of the earlier increments; and
- (5) Reduce risk of potential adverse consequences on the overall project by isolating and avoiding custom-designed components of the system.
- (c) The characteristics of an increment may vary depending upon the type of information technology being acquired and the nature of the system being developed. The following factors may be considered:
- (1) To promote compatibility, the information technology acquired through modular contracting for each increment should comply with common or commercially acceptable information technology standards when available and appropriate, and shall conform to the agency's master information technology architecture.
- (2) The performance requirements of each increment should be consistent with the performance requirements

- of the completed, overall system within which the information technology will function and should address interface requirements with succeeding increments.
- (d) For each increment, contracting officers shall choose an appropriate contracting technique that facilitates the acquisition of subsequent increments. Pursuant to Parts 16 and 17 of the Federal Acquisition Regulations, contracting officers shall select the contract type and method appropriate to the circumstances (e.g., indefinite delivery, indefinite quantity contracts, single contract with options, successive contracts, multiple awards, task order contracts). Contract(s) shall be structured to ensure that the Government is not required to procure additional increments.
- (e) To avoid obsolescence, a modular contract for information technology should, to the maximum extent practicable, be awarded within 180 days after the day on which the solicitation is issued. If award cannot be made within 180 days, agencies should consider cancellation of the solicitation in accordance with 48 CFR 14.209 or 15.206(e). To the maximum extent practicable, deliveries under the contract should be scheduled to occur within 18 months after issuance of the solicitation.

The regulation basically paraphrases the statutory language. There is a need for a clear set of guidelines to help Contracting Officers and other members of the acquisition team to do their jobs.

Agencies are issuing internal guidance of various types. This almost always leads to conflicting advice.

The Office of Management and Budget views modular contracting as one of the key elements in improving procurement because it gives agencies the ability to contain cost and schedule over-runs without enduring multiple costly procurements. However, modular contracting may impose a high degree of risk that the agency will not end up with an integrated system.

Here's what I want to know... which vendor will be held responsible if disparate parts of a system, built under different contracts, do not work together properly?

HOT OFF THE PRESS!

How To Get Free Information

You can get these reports FREE from the General Accounting Office document distribution center by calling (202) 512-6000 or visit GAO's World Wide Web Home Page at: http://www.gao.gov

Agencies' Annual Performance Plans Under the Government Performance and Results Act: An Assessment Guide to Facilitate Congressional Decision Making. AIMD-10.1.18

Managing for Results, Observations on Agencies' Strategic Plans. T-GGD-98-66

DOT's Budget, Management and Performance Issues Facing the Department in Fiscal Year 1999. T-RCED/AIMD-98-76

Defense Outsourcing, Better Data Needed to Support Overhead Rates for A-76 Studies. NSIAD-98-62

Base Operations: DOD's Use of Single Contracts for Multiple Support Services. NSIAD-98-82

Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges. GGD-98-44

Year 2000 Computing Crisis: FAA Must Act Quickly to Prevent Systems Failures. T-AIMD-98-63

Terry Kelly Associates: Experts on the Procurement Process

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Federal IT Market

Continued from page 1

titiveness and past performance of leading information technology companies in the federal market

(2) Measure the federal market brand values of these companies using parameters generally applied in federal government source selections

This report describes and analyzes the results of this survey, covering the competitiveness and past performance of 83 information technology companies from the viewpoint of knowledgeable federal employees. It includes summary results and analysis of responses in the following areas:

- Distribution of survey respondents by agency, location and level of spending on information technology
- Intrinsic and relative importance to respondents of the contractor past performance criteria, as originally defined by Office of Federal Procurement Policy guidance
- Importance to respondents of various sources of contractor past performance measurements
- Extent of the experience of respondents with each of 83 vendors over the past three years
- Ratings of those vendors with which respondents are familiar
- Comparative and summary analyses and interpretations

This report includes the basic survey questionnaire (Appendix A) and a single-page report card for each of the 83 companies (Appendix B).

The survey produced significant differentiation of company competitiveness and past performance for all parameters measured. Federal agency source-selection teams could use survey results to support the screening processes for offeror teams for formal source selections and for invitations to prepare proposals for Blanket Purchase Agreements. The companies evaluated could use the results to assess the values of their overall brands in the federal market and to initiate corrective actions to improve their brand values. They might also use the results to examine the strengths and weaknesses of potential partners and competitors.

Highlights of the survey are

- Of the 925 total interviews, 48
 percent are from the Department of
 Defense (DOD) and 52 percent are
 from at least 27 civil agencies.
- Quality of products supplied is the most important past performance criterion, with customer (end user) satisfaction second.
- Contract performance evaluations from within the agency conducting a source selection are the most important source of contractor past performance data.
- Microsoft, Hewlett-Packard and Government Technology Services

Inc. (GTSI) are the three companies with which respondents are most likely to have had a contractual relationship in the past three years.

 Microsoft, Intel, Hewlett-Packard and Hughes Data Systems have established the deepest customer relationships.

The leader in overall competitiveness (weighting price, technical, management and past performance ratings equally) this year is again Hewlett-Packard (HP), followed by Gateway 2000, Intel and Microsoft. The highest-scoring integrators/resellers are CACI International in tenth place, BTG in thirteenth place and CSC in sixteenth place.

Tables E-1 and E-2 list the top commodity product/service providers and top integrators/resellers, respectively, by competitive element based on survey results:

Table E-1: Top Commodity Product/Service Providers by Competitive Element

Price	Technical	Management	Past Performance
Gateway 2000	Intel	НР	НР
Dell	НР	Microsoft	Gateway 2000
Micron	Silicon Graphics	Intel	Cisco

Table E-2: Top Integrators/Resellers by Competitive Element

Price	Technical	Technical Management	
BTG	Hughes Data Systems	CACI	CACI
GTSI	CSC	CSC	BTG
The Presidio	Orkand	Lockheed Martin	0A0

Tables E-3 and E-4 list the top commodity product/service providers and top integrators/resellers, respectively, by past performance criterion based on survey results:

Table E-3: Top Commodity Product/Service Providers by Past Performance Criterion

Product Quality	Service Quality	Timeliness	Cost Control	Business Practices	Key Personnel	Customer Satisfaction
НР	HP	Gateway 2000	Gateway 2000	Cisco	Software AG	НР
Intel	Cisco	HP	Software AG	Gateway 2000	Cisco	Sun
Cisco	Software AG	Software AG	HP	HP	Gateway 2000	Gateway 2000

Federal IT Market

Continued from page 3

None of the companies evaluated in the survey are in aggregate unsatisfactory for any parameter measured. However, some clearly are regarded more highly than others by knowledgeable federal employees.

Based on comparison of averages for commodity product/service providers and integrators/resellers, the federal information technology community looks in general more to product manufacturers than to integrators, resellers and commodity service providers for value, leadership and performance.

The statistical approach to evaluating past performance used in this survey does not include validation that respondents really have recent, direct contractual experience with the companies they rated. Neither does it include steps to verify that it covers all of a company's recent federal contracts.

Table E-4: Top Integrators/Resellers by Past Performance Criterion

Product Quality	Service Quality	Timeliness	Cost Control	Business Practices	Key Personnel	Customer Satisfaction
CACI	CACI	CACI	BTG	SRA	CACI	CACI
Huges Data Systems	BTG	Comark	CDSI	CACI	CDSI	Vanstar
Comark	Anteon	BTG	GTSI	BTG	Lockheed Martin	BTG

Nor does it explore whether respondents thoroughly understand the requirements and terms of the contracts through which they have experience with the companies they rated.

However, in a market that is increasingly commodity-based and therefore brand-driven, this survey represents a reasonable approach to understanding the experiences of federal government consumers with those companies seeking their business.

Please direct questions on this report to

Steve LeCompte – Vice President, Research and Development FCW Government Technology Group Inc. 3141 Fairview Park Drive, Suite 777 Falls Church, Virginia 22042 (703) 876-5148 (Voice) (703) 876-5142 (Fax) steve_lecompte@fcw.com

Did You Know?

For the Government to order from a Federal Supply Schedule they simply follow the guidelines in FAR 8.4:

- If the order is under \$2500 they may order from any schedule contractor
- If the order is over \$2500 they click on GSA Advantage! or simply review three price lists. Then they select the "BEST VALUE" (that means consider other things besides lowest price - for example - delivery, warranty, training, past performance, environmental or trade-in).

Orders over the maximum order threshold:

Each schedule contract has a maximum order threshold. In addition to follow-

ing the ordering procedures for orders above \$2,500, customers shall:

- Click on GSA Advantage! or review additional schedule contractors' price lists
- Request price reductions from schedule contractor(s) appearing to provide a best value
- Place the order with the schedule contractor providing the best value

Documentation

Generally, minimum documentation is all that is required (e.g. contractor name, item purchased and price paid). Additional documentation is necessary when the requirement is defined to a particular brand name and only for orders exceeding the micro purchase threshold (see FAR 8.404 (b) (7)).

Educational Seminars from Terry Kelly 1998 Public Seminar

Schedule "Information Technology Procurement in the Federal Government"

Dates: July 20-21

October 19-20

Location: Hyatt Regency Reston

1800 Presidents Street

Reston, VA

Seating is limited! Sign up today or call for details. (703) 450-6048

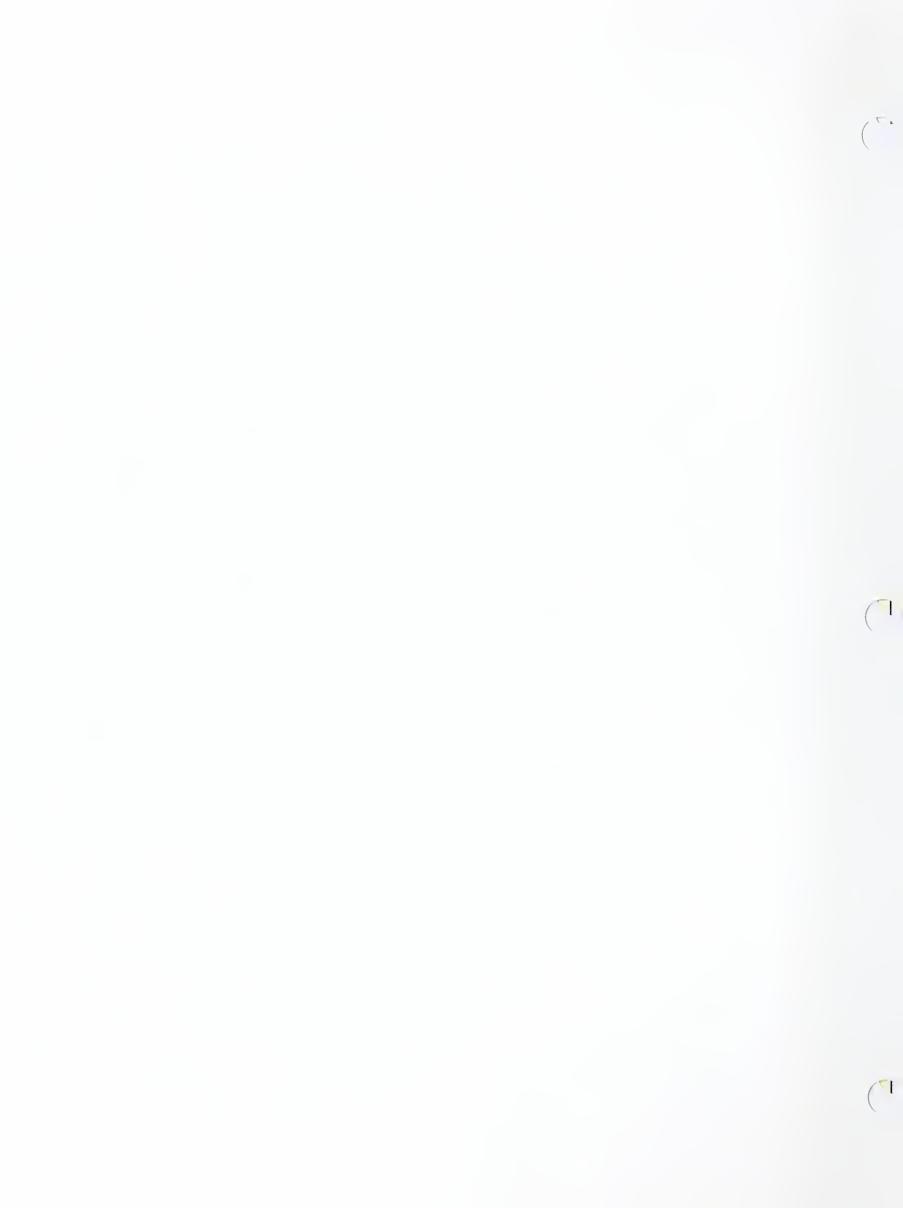
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Notes:		
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MICHAEL D. GRONECK Director, Electronic Government Program



PROFILE

CAPABILITIES

Michael Groneck currently holds the position of Director, Electronic Government Program at INPUT's Government Services Office. Mr. Groneck is responsible for client support in the development of industry driven Market Action Projects, forecasting the market for specific vertical information technology segments and presenting key industry trends and directions to interested client segments. In addition to Market Action Reports, Mr. Groneck's program develops Agency Profiles and Research Bulletins which examine current information technology market events and trends. He brings to INPUT extensive expertise in market planning, market management and research in the information technology industry.

BACKGROUND

Prior to joining INPUT, Mr. Groneck spent 25 years with IBM Corporation in various marketing, management and market research positions. His responsibilities included identifying emerging information technology opportunities in the federal government and managing these projects through the quantification and development phase.

Mr. Groneck also has extensive experience working in the financial industry. His responsibilities included development of market research reports for large financial institutions, identification of industry trends and recommendations for future growth in specific market areas. A major segment of this activity included guidance on the re-engineering and automation of IT systems in the retail banking functions.

EDUCATION/PROFESSIONAL ACTIVITIES

- B.A. Liberal Arts, University of Cincinnati
- University of Pennsylvania, Wharton Business School, Quality Management Program
- Speaker to professional and information technology groups and executive client groups.





FEDERAL IT MARKET FORECAST 1998 - 2003

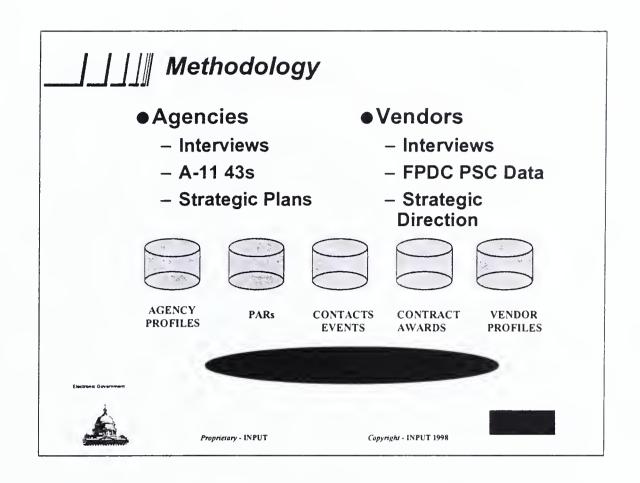
Mike Groneck Director of Research INPUT

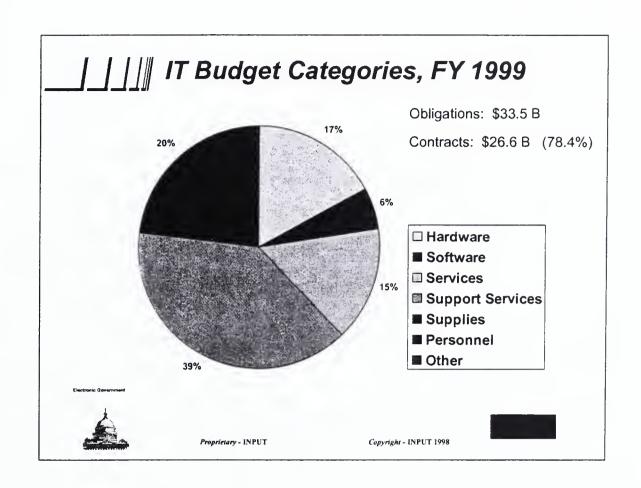
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Lines

| | | | | FY 1998 Budget Factors

- Moderate Growth Continues
- •Increased Dependence on IT "Solutions"
- Commercial Services Emerges as Key Growth Area
- Y2000 Impact on Spending/Resources

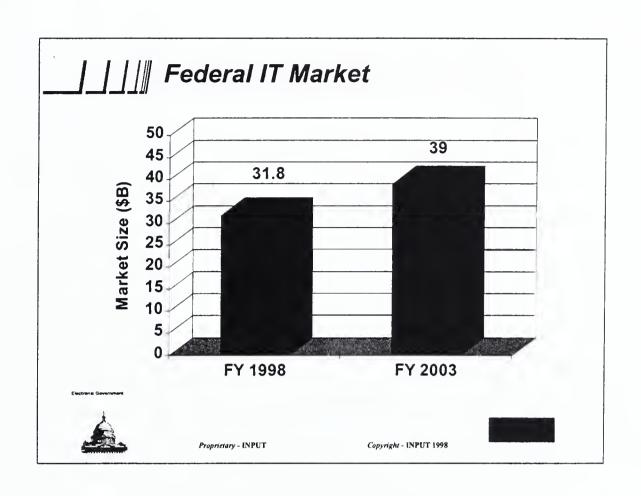
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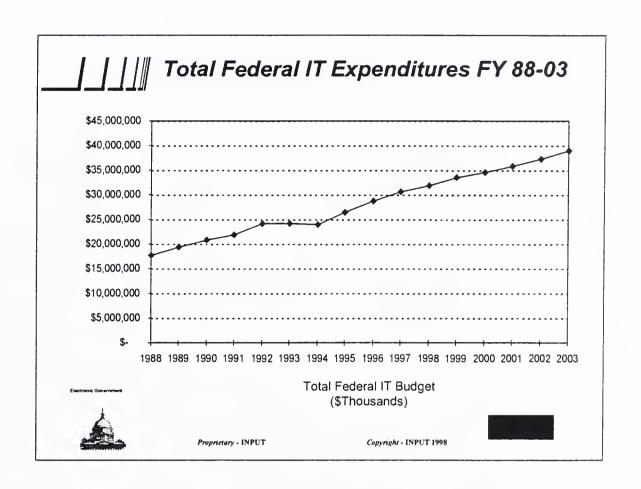
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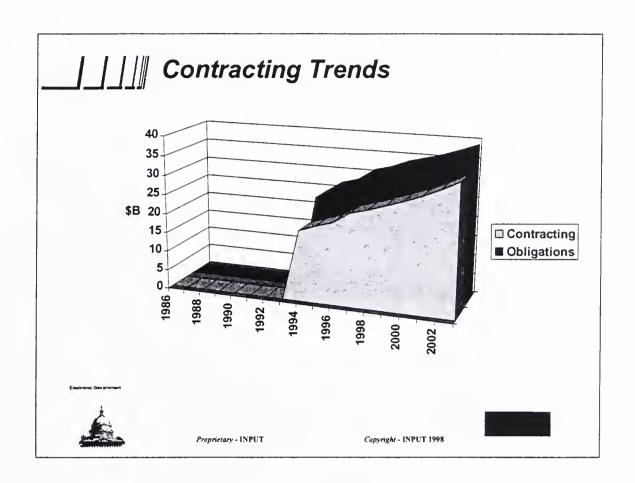
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Contracting will go from 77% of the FY94 federal IT budget to 84% in FY01. Defense is around 70% contracting, while civilian government is around 80%.

Drivers include:

- ☐ Agency downsizing particularly in civilian agencies
- ☐ Outsourcing of people
- ☐ IRM managers unable to maintain technical expertise in-house.



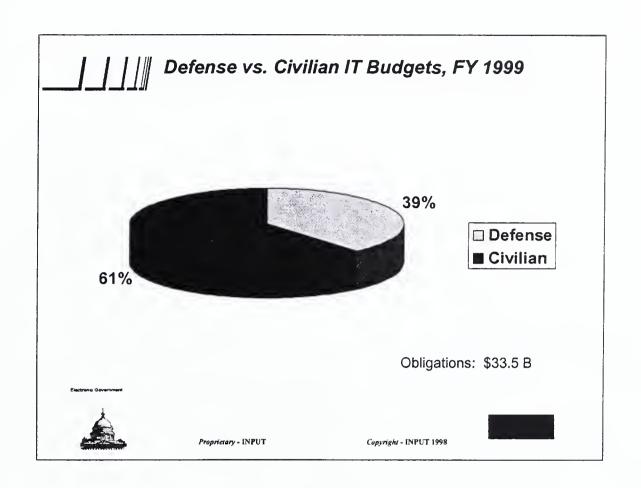
Information Technology Market Factors

- Agency Restructuring/Downsizing
- Procurement Reform Impacts
- Dependence on Outside (Vendor) Resources
- Administration-Driven Program Initiatives

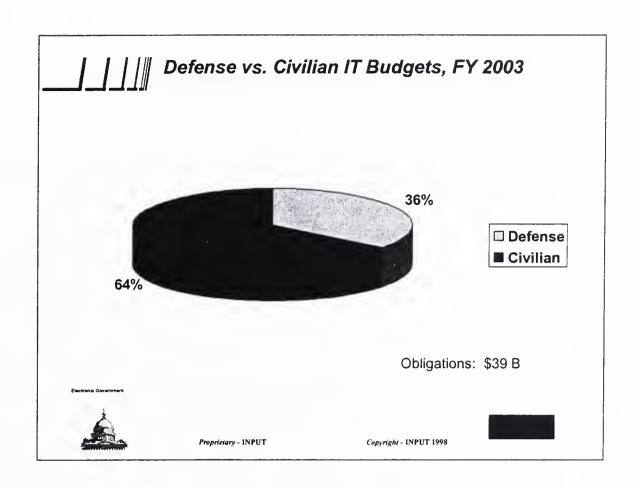


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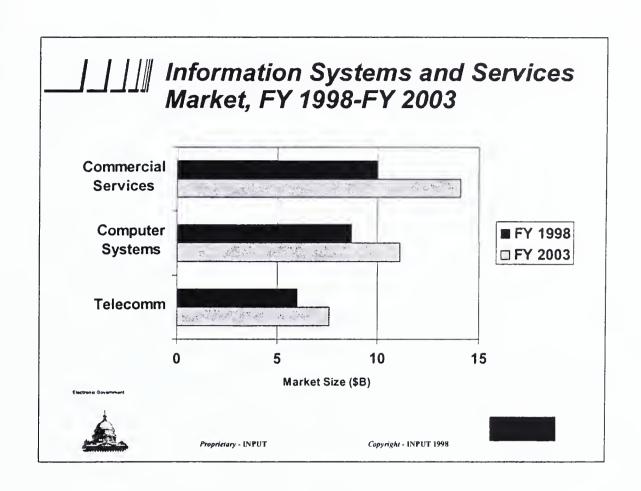
Defense vs. Civilian IT Budgets

- Defense Share Declines Further
- Commercial Services Increase Steady
- Defense IT Centralization Continues
- Civil Opportunities Increase



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______Information Systems & Services Market

- Move Toward Open-Systems
 Environments/Increased Use of Windows
 NT
- Year 2000 Impacts
- "Solutions" Concept Takes Hold
- Enterprise Applications Play More of a Role
- Outsourcing Becomes Key to Many Agencies

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1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Major Federal IT Procurements in Pro-Award Stages
	Major rederar 11 Trocurements in Tre-Award Stages
	Major Federal IT Procurements in Pre-Award Stages \$157.9 Billion in 589 Programs (\$ in Billions)

Primary	Award	Number
Service	Value	of
	(\$ Billions)	Programs
Computer Equipment	\$ 20.4	50
Customer/Support Services	\$ 1.1	19
Data Warehousing	\$.01	1
Enterprise Applications Solutions	\$.02	2
Image Systems	\$.1	1
Leasing Services	\$.1	1
Network/Telecom Services	\$ 52.3	84
Outsourcing	\$ 15.5	44
Processing Services	\$.6	6
Professional Services	\$ 48.2	319
Software Products	\$ 1.9	37
Systems Integration	\$ 17.7	23
Year 2000 Services	\$.01	2
Total	\$157.9	589



Source: INPUT's IMPACT database as of June 17, 1997

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Major Agency Procurements in Pre-Award Stages \$157.9 Billion in 589 Programs (\$ in Billions)

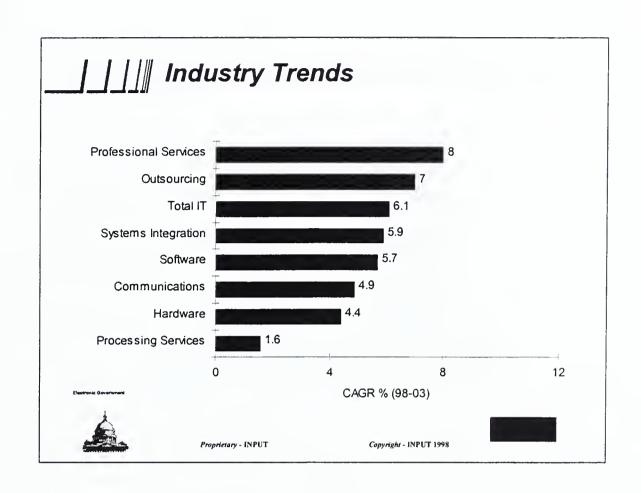
Agency	V	alue	Programs	Agency	Value	Programs	Agency	Value	Program
AID	\$.I	7	EPA	\$.4	8	Navy	\$ 6.6	101
Agriculture	\$.3	4	GSA	\$45.8	19	Postal	\$.9	8
Air Force	\$	8.7	· 72	HHS	\$ 1.9	23	SSA	\$ 1.3	9
Army	\$	7.5	73	HUD	\$.03	2	State	\$ 1.1	5
Commerce	\$	1.3	19	Interior	\$.2	7	Trans.	\$18.9	62
Defense	\$3	2.8	51	Justice	\$ 3.5	27	Treasury	\$ 9.9	24
Education	\$.3	6	Labor	\$.6	5	VA	\$.6	2
Energy	\$.4	6	NASA	\$14.5	37	All Others	\$.2	12

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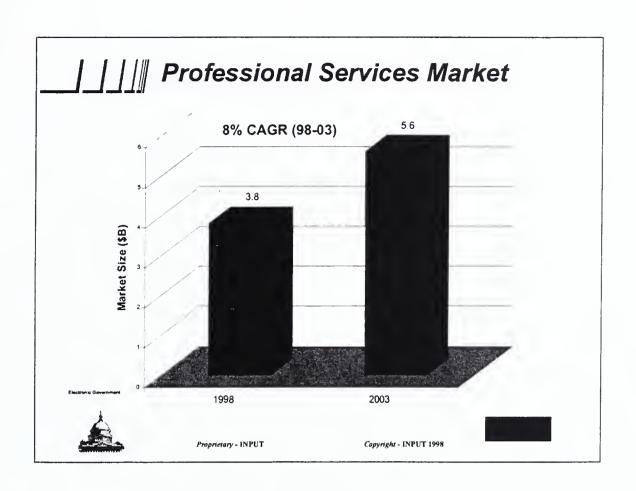


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| | | | | | | | Professional Services Market

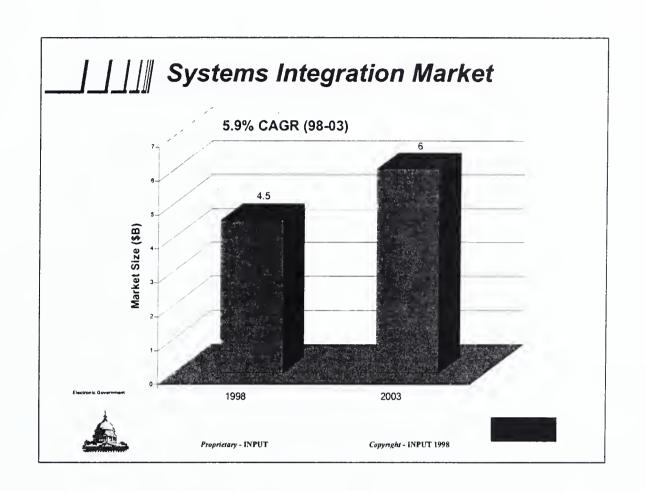
- Steady Growth Through 2003
- Basic Services Continues as Major Growth Area
- Increased Vendor Focus on Teams and Total Solutions Approach
- Smaller Contracts with Greater COTS Content

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_________Systems Integration Market

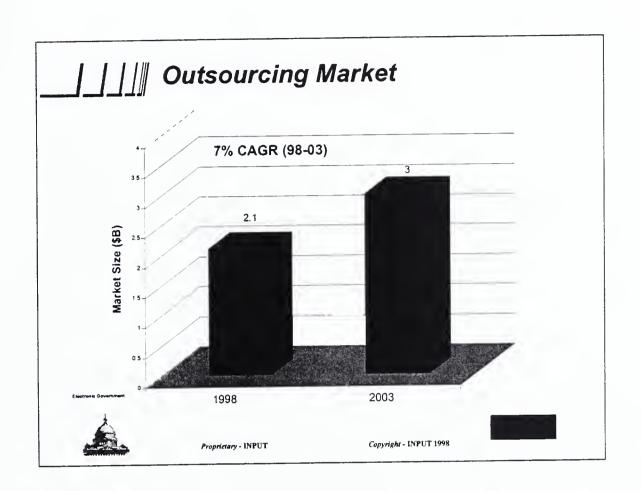
- Steady Growth
- Increased Competition Especially On High-End
- Smaller Contracts
- Integration Vendor as a Key Player on a Team
- Increased Opportunity with New Systems After Y2K

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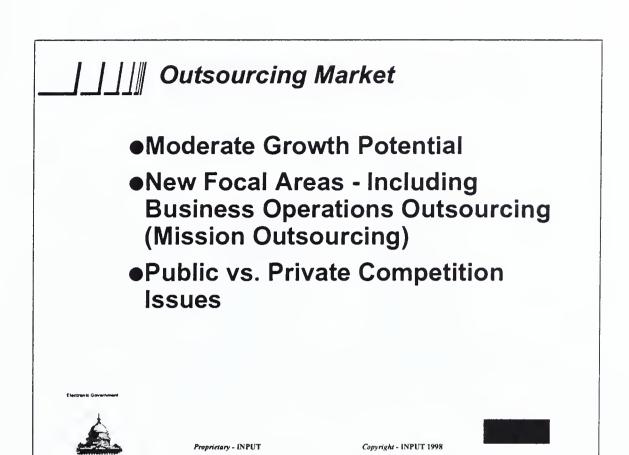


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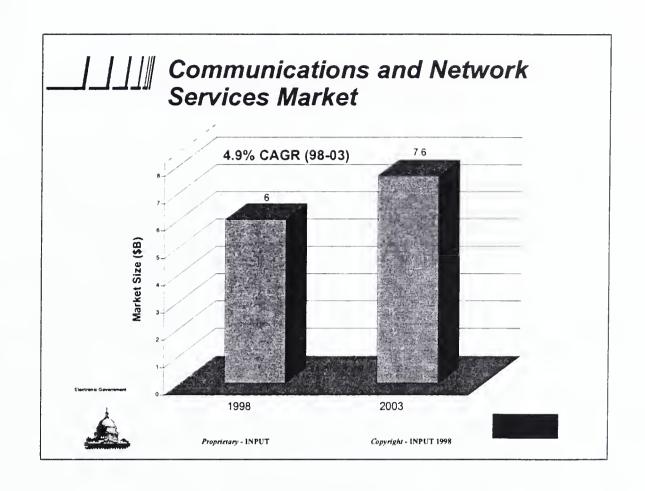














_____Communication and Network Services Market

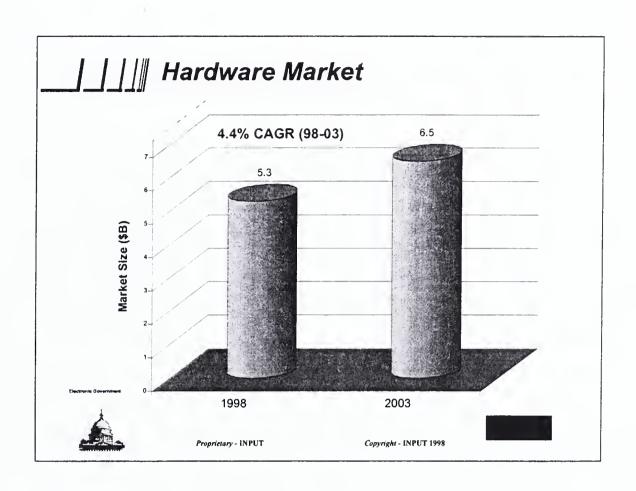
- Requirement for Services Continues
- Expanding role of Internet Including Interfacing with ERP Systems
- Electronic Commerce Helps Drive Market

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| | | | | | Hardware Market

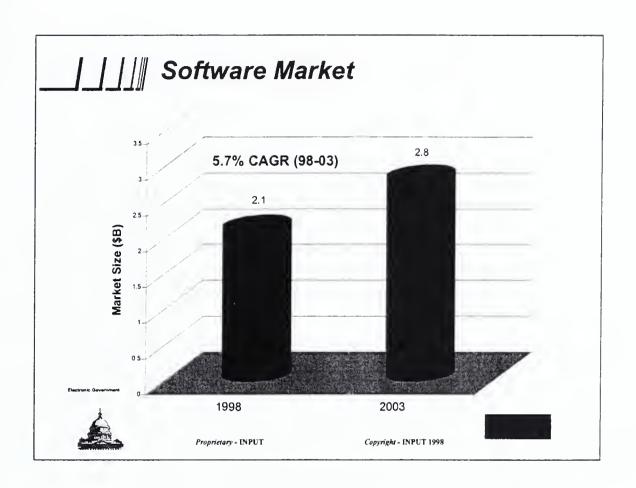
- Continued Price/Performance Increases
- Migration to Distributed Systems
- •IDIQ Contracts Drive Volume
- ●Y2000 Prompts Modernization

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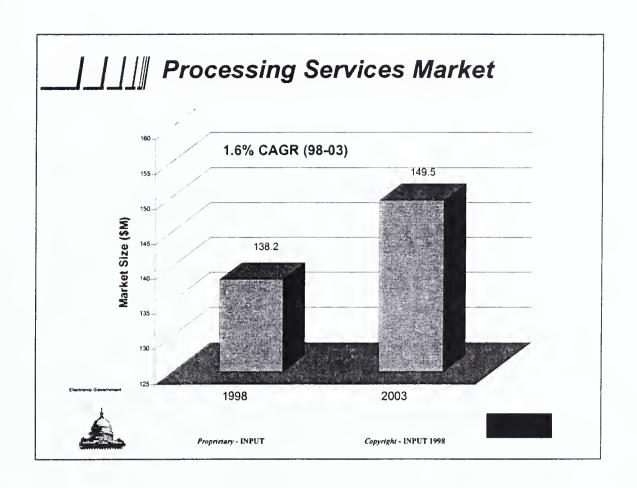
- Continued Emphasis on Commercial vs. Developmental Software
- Desktop Systems Growth and Resource Constraints Drive Applications Software
- Business Process Reengineering Impact
- Product Licensing Importance

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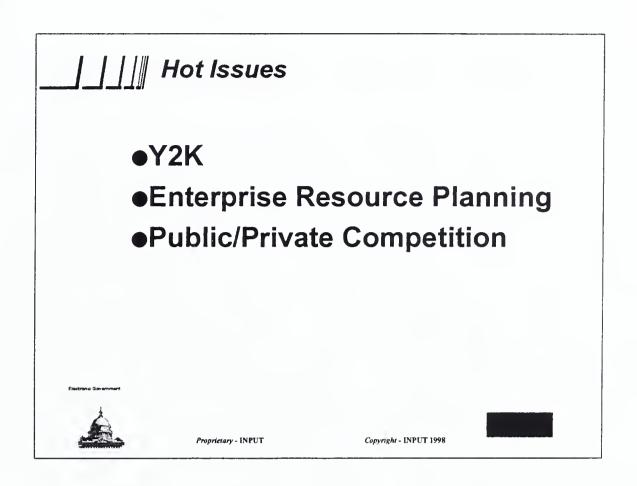
- Slow Growth Market
- Larger Federal Data Centers Adding Capacity
- Migration of Support Requirements to State Level

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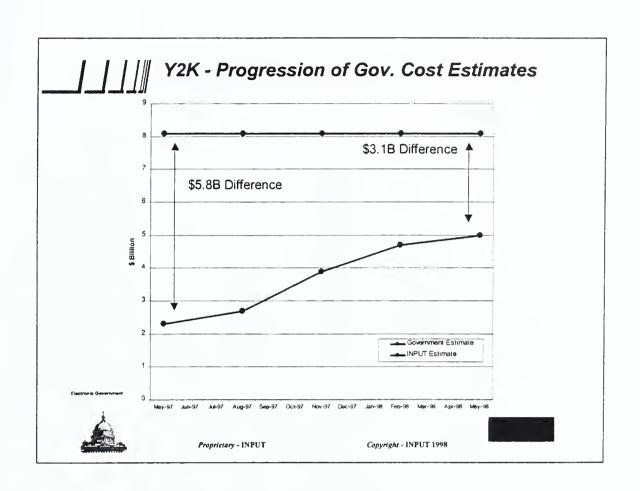


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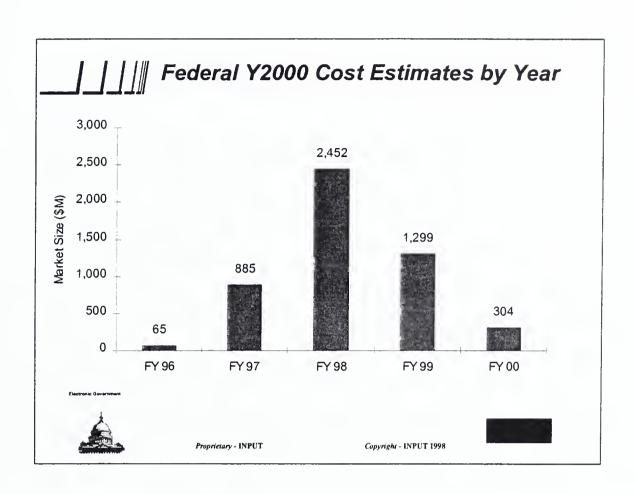
















	FY 1996	FY 1997	FY 2002
US Federal	579	984	2,174
Product Sales	128	231	621
Services	451	753	1,553
Civilian	344	585	1,293
Defense	234	398	880

\$ Million

Florence Courses



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| | | | | Public/Private Competition

- Congressional Action on HR Bill 716
 Delayed
- Action May be Postponed Until Next Session
- Strong Union Resistance to Private Sector Outsourcing
- •Army Logistics Systems Procurement:
 - -Congress Notification Issue
 - -Requires Business Case
 - -Potential Test Case

Sectronic Government



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]__]_|| Conclusions

- •IT Budgets Will Continue to Grow
- Only Programs Necessary to Attaining Mission Will Be Funded
- Agencies Will Buy Solutions
- Procurement Reform Will Continue
- ●Y2000 Issues Are a Wildcard!

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| | | | | Recommendations

- Build Relationships Within the Agencies
- Increase Marketing Activities
- Watch for "Blink & Miss" Opportunities
- Understand Agency Requirements/Reforms
- Understand the Use of MAS & BPAs!
- Engage IRMs/Decision Makers/Users
- Understand & Use Available Research

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Steve Charles
Partner
immixGroup LLC

Mr. Charles has more than two decades of contract management, government marketing and public communications experience. Specializing in the GSA Schedule and government commercial item acquisition, Mr. Charles has negotiated hundreds of GSA Schedule contracts for primarily IT companies. He is a frequent lecturer and contributing writer on procurement regulations and their impact on commercial business practices as well as the new methods of procurement via electronic catalogs.

Formerly, Mr. Charles was Vice President of Selbre Associates, a consulting and contract management firm. Currently, he is a founding partner of immixGroup, a management consulting firm helping commercial companies in the Government Sector by providing government sales, marketing, contracts and legal expertise.

He is active in the Industry Advisory Council, the American Bar Association and the National Contract Management Association.

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Al Iagnemmo Branch Chief Federal Supply Service GSA

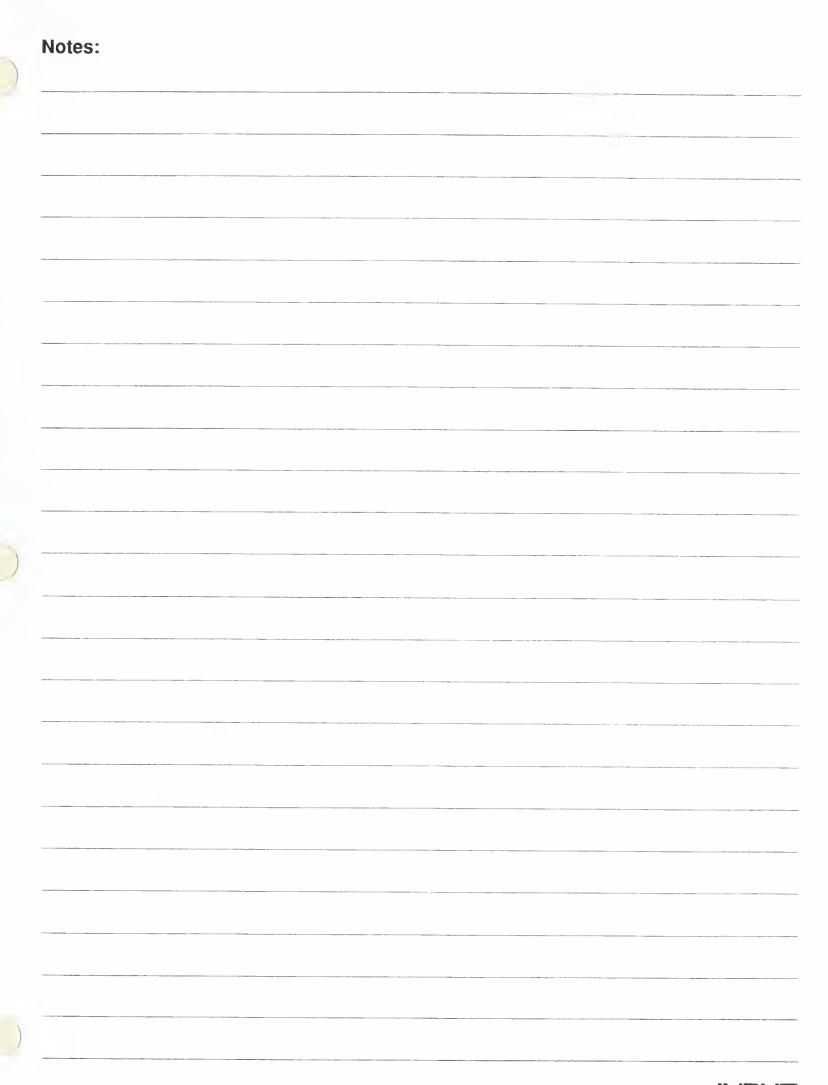
Al Iagnemmo is a branch chief with the Federal Supply Service, Office of the CIO. He is the marketing manager for the GSA Advantage system. In addition to this function, he is also responsible for maintenance of all FSS ADP hardware, FSS LAN training and for procuring all large printers in FSS.

During the past year, he managed a project that put thousands of Supply System reports and Fleet reports on-line with a web page. The print cost savings from these efforts now save several million dollars each year.

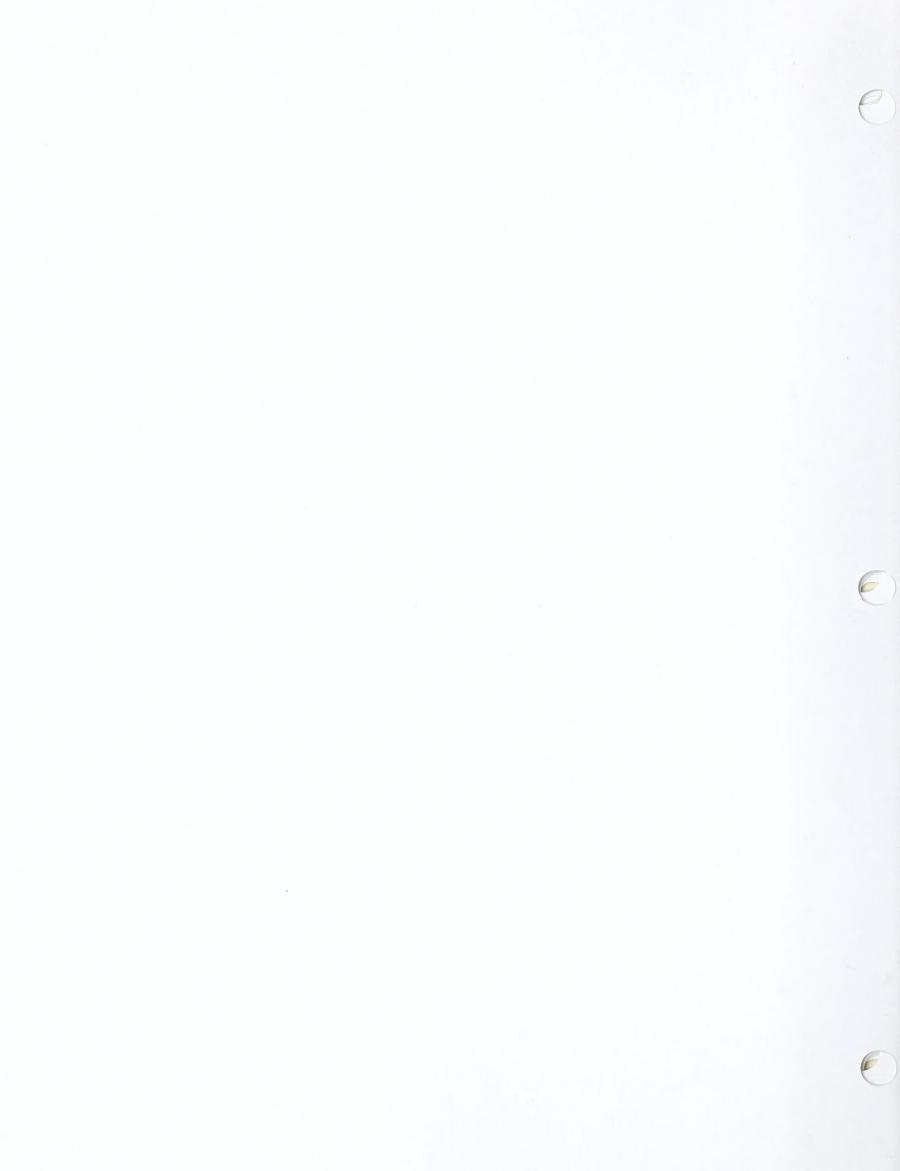
He was also responsible for convening the largest FSS on-line system from a Honeywell mainframe to distributed Sun computers. This year-long effort is now saving more than one million dollars each year.

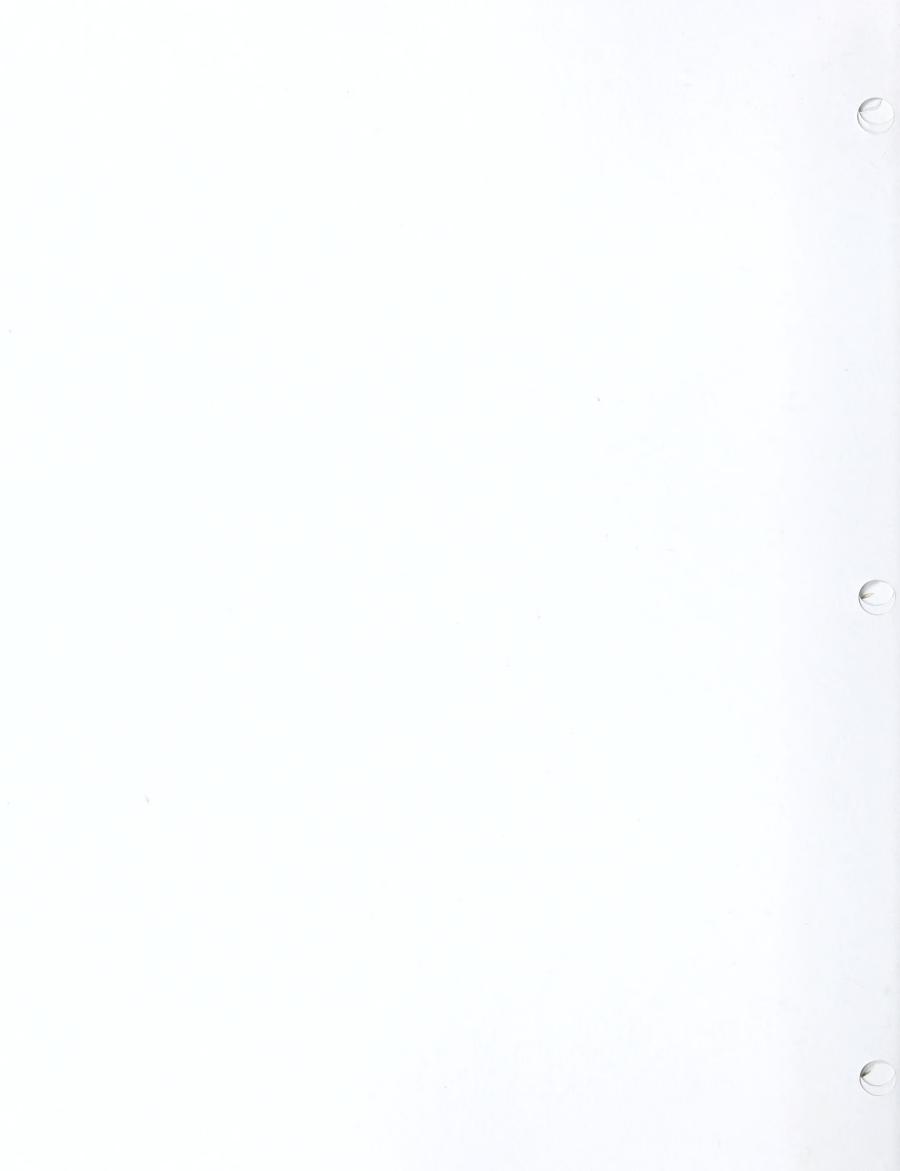
Prior to joining FSS three years ago, Mr. Iagnemmo was the Director of Microcomputer Training at the GSA Interagency Training Center. He has published several articles in trade journals and given more than 300 presentations throughout North and South America. He has been a consultant for the governments of Australia and Puerto Rico. Prior to joining the Federal government, he was a consultant with Booz, Allen & Hamilton. He was a Captain in the U.S. Marine Corps.













NORMAN J. BERTHAUT VICE PRESIDENT INPUT GOVERNMENT SERVICES

PROFILE

CAPABILITIES

Norm Berthaut has extensive experience in strategic and tactical planning roles in the information technology industry. He currently has responsibility for all of INPUT's federal information technology strategic research and directs the Government Services information technology market research office. He brings to INPUT broad expertise in market planning, market management, market research, contract management, and sales management, as well as an in-depth knowledge of both the U.S. federal government and commercial IT marketplaces.

BACKGROUND

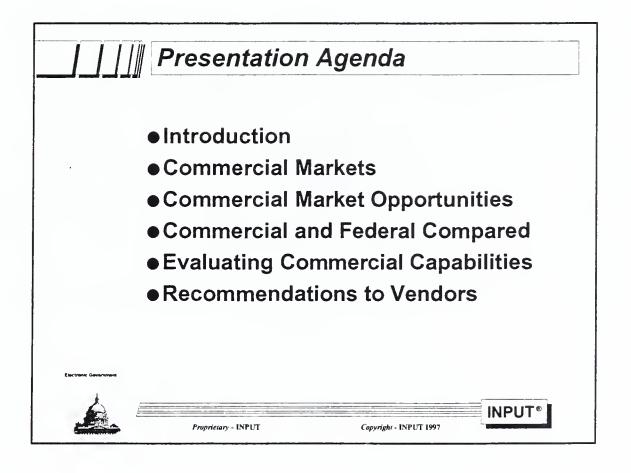
- With INPUT since 1995, Mr. Berthaut was the regional manager for the eastern
 United States with INPUT's commercial research unit. Prior to his current position
 Mr. Berthaut was Director of INPUT's Federal Information Technology Market
 Research Program.
- His professional experience includes senior and middle-managerial positions in business development, strategic market planning, market research, sales operations and market-driven quality management in both the commercial and federal sectors with IBM.
- Mr. Berthaut also served as the director of marketing and business development for a management consulting and professional development firm prior to joining INPUT.

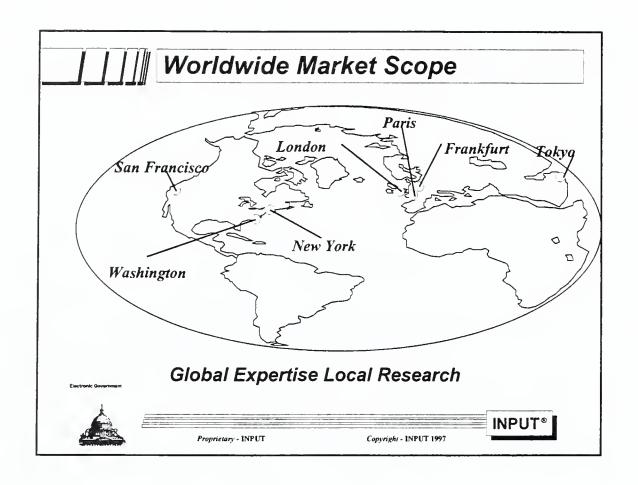
EDUCATION/PROFESSIONAL ACTIVITIES

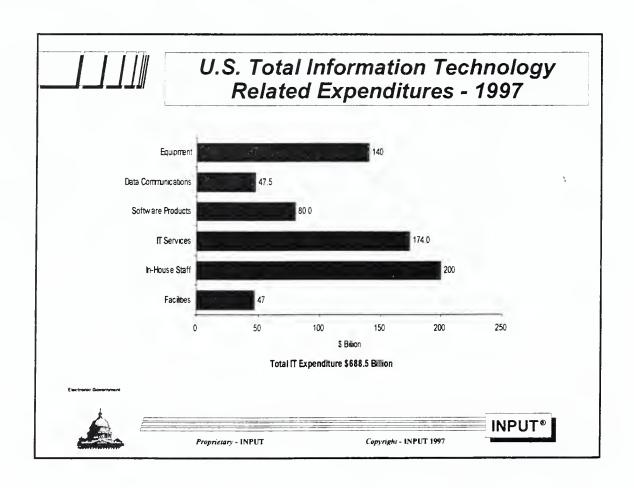
- B.Sc., Business Administration, University of New Orleans
- University of Maryland Graduate School, Certificate In Applied Management
- Member of American Marketing Association
- Member of American Society for Training and Development
- Member of Affirm
- Member of The Professional Associates(a networking group of ex-IBMers)
- Frequent speaker/presenter to professional and information technology groups, and executive client groups.

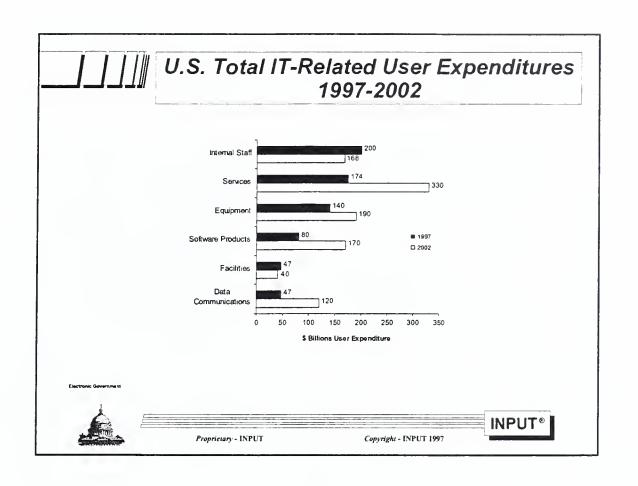


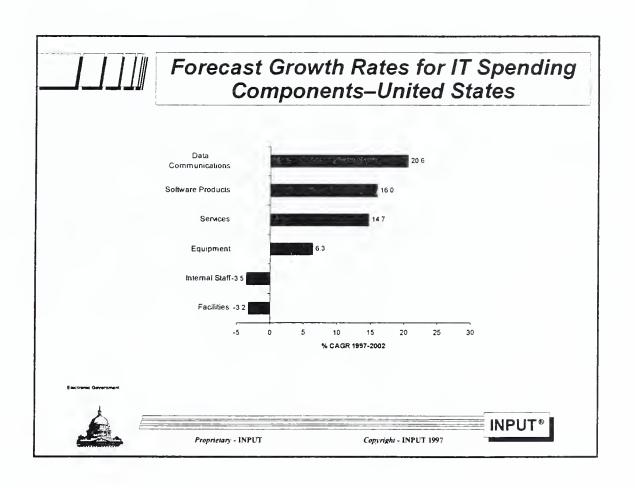


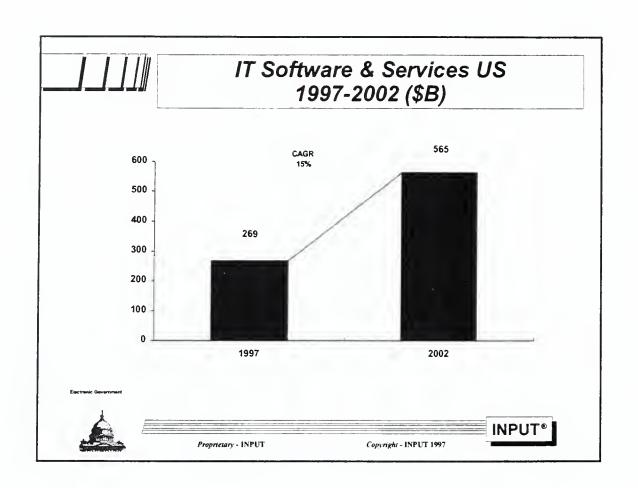


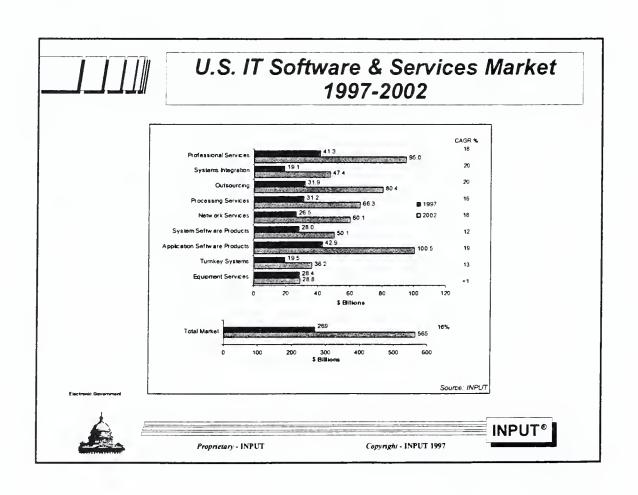


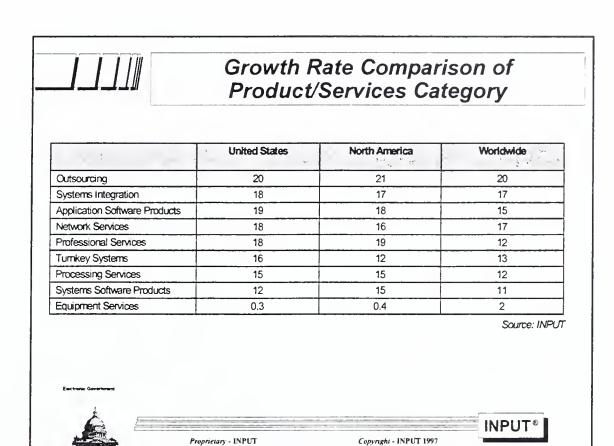


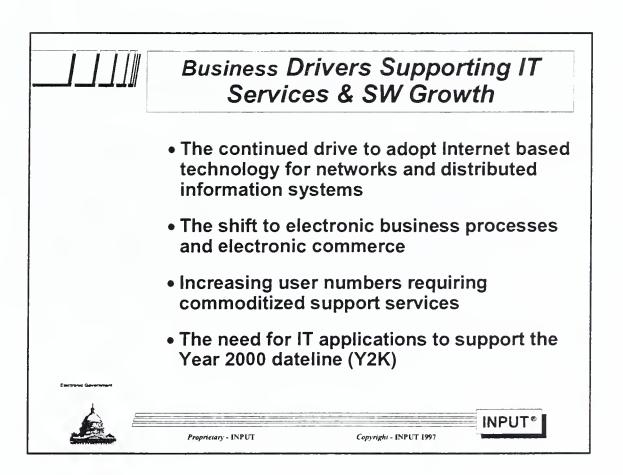


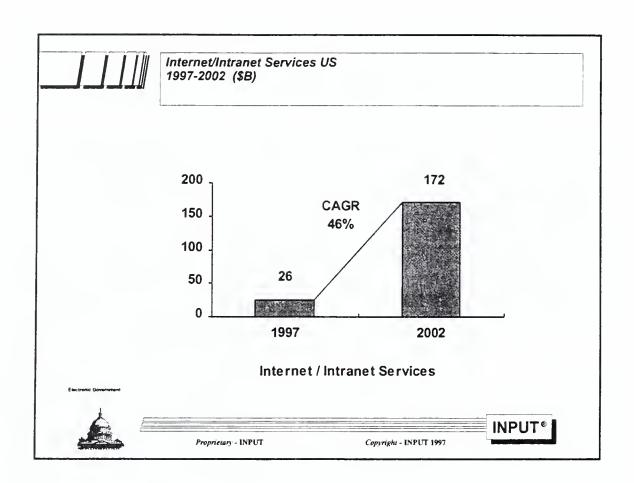


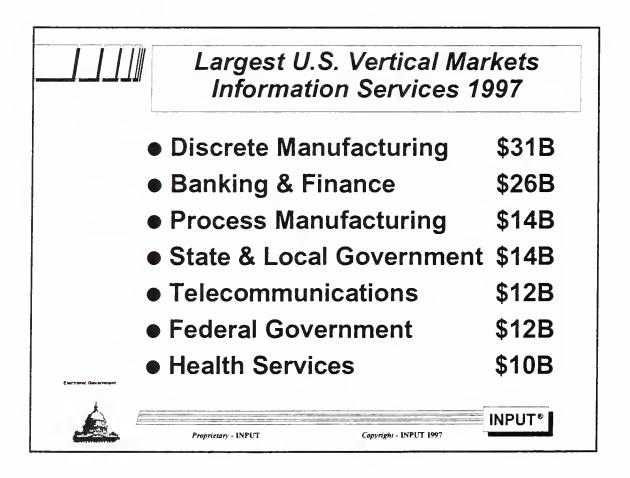


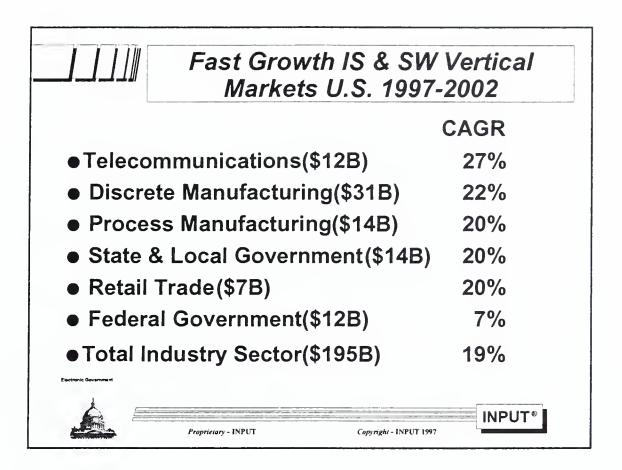


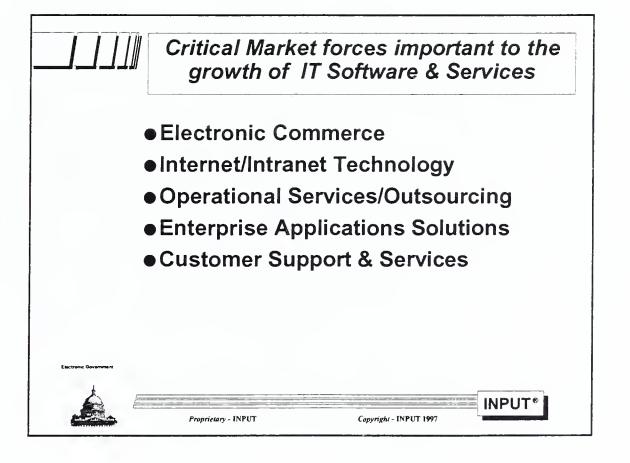


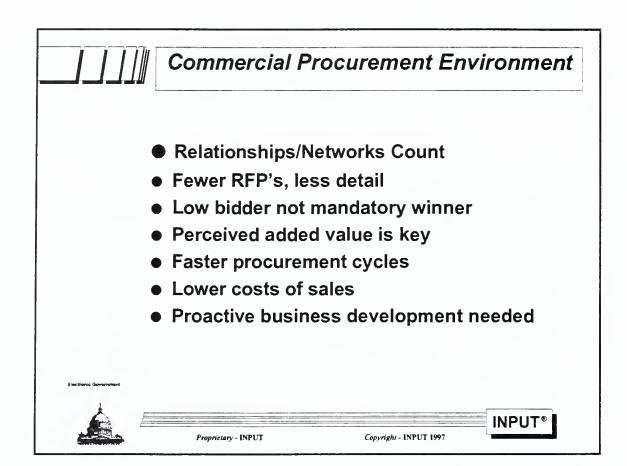


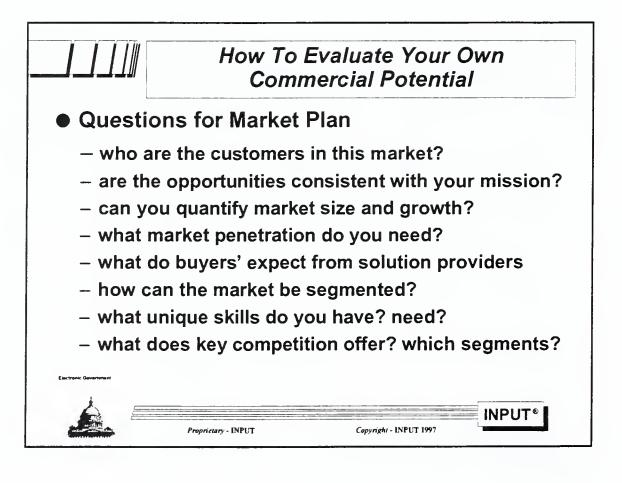


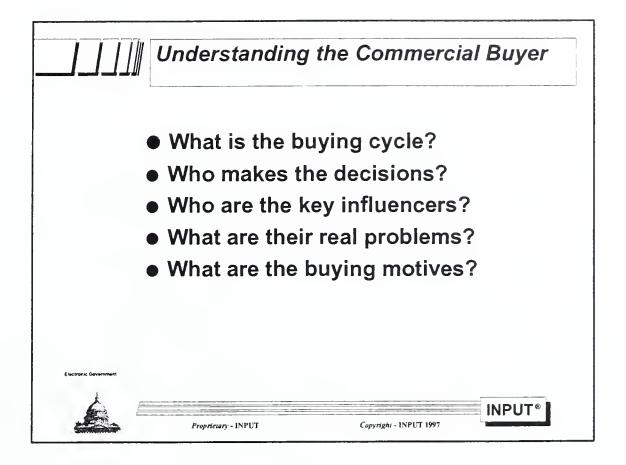




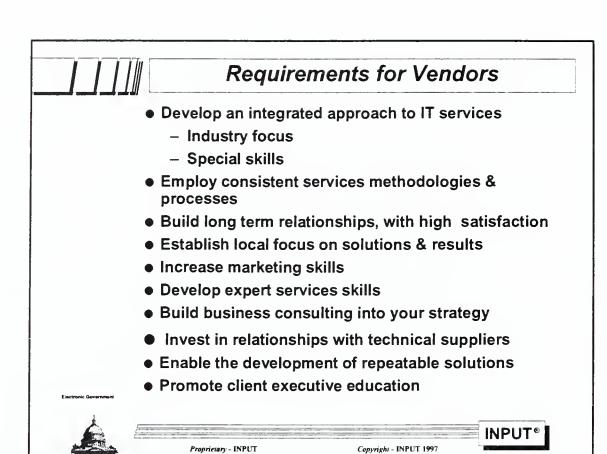


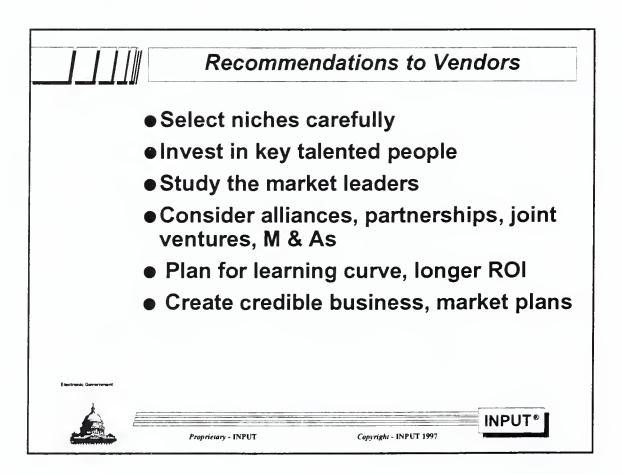












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WILLIAM O. HOLCOMBE
Director of Card Technology
Office of Electronic Commerce
GSA

Bill Holcombe is Director of Card Technology in GSA's Office of Electronic Commerce. He has been working on electronic commerce and smart card technologies at GSA for the past two years.

Previous to his GSA job, he served as Financial Team Lead on the Electronic Commerce Acquisition Team, a governmentwide team responsible for crafting an electronic commerce plan for the Federal Government.

Mr. Holcombe has also worked in various financial and information technology jobs for the Department of Treasury—Financial Management Service, the Office of Management and Budget, the Department of Agriculture and HHS.







Federal Electronic Commerce Program Big EC and Smart Cards

Bill Holcombe

Office of Governmentwide Policy
Electronic Commerce
Bill.Holcombe@gsa.gov
202 208-7657



WHAT IS EC?

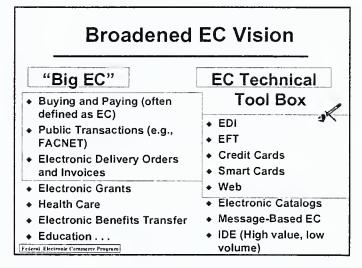
◆(Big) EC...

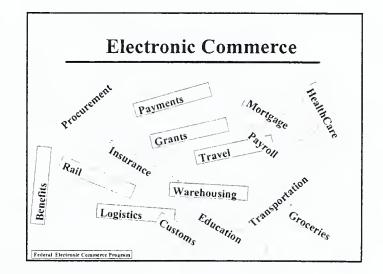
Exploitation of IT to Improve Commerce

- IT community must be involved (CIO through ITMRA)
- But goal is to improve and reengineer govt processes
- Success is mission-oriented, not IT-oriented
- Broadly speaking doing business electronically.

Federal Electronic Commerce Program







Sources of Presidential Federal EC Strategy · National Performance Review (NPR) President's Memorandum of October 1993 **FACNET** · Federal Acquisition Streamlining Act of 1994 · Federal Acquisition Reform Act of 1995 · IT Management Reform Act of 1995 · Debt Collection Improvement Act of 1996 · President's Memorandum of July 1997 · EC in Federal Procurement Act of 1998 · Rapidly Evolving Technology Loosened FACNET Broadened EC CHANGE IS THE CONSTANT

Federal Imperatives

- Single Face to Industry
 - Develop a "virtual govt"
 - International and Federal Standards
 - A Common Vendor Registration System
 - EDI, EFT & EBT
- Public Transactions (an unnatural EDI act?)
- Improve Access for Small Businesses
- ◆ Commercial Products & Practices
- Protect Privacy (Citizen) and Property Rights (Trading partners)

Federal Electronic Commerce Program

Federal EC **Management Structure**

- Electronic Processes Initiatives Committee (EPIC)
- **⇒** PMC Members from OMB, GSA, DoD, **Treasury**
- **○**Current Emphasis on
 - **⊅**Procurements
 - **⊅**Payments
 - **○**Card Technology

Federal Procurement Transactions (FY96)

<u>Size</u>	Actions (Millions)	Dollars (Billions)
<\$2,500	13.2 (60%)	5.3 (2%)
\$2,500-\$25,000	8.3 (38%)	16.6 (9%)
>\$25,000	0.4 (2%)	178.6 (89%)
Total	22.0	200.5

"Framework for Global EC" **Principles**

5 Principles Guide Government Support

- The private sector should lead
- Governments avoid undue restrictions on EC
- · Principle for govt involvement: Support and enforce a predictable, minimalist, consistent and simple legal environment
- Governments should recognize the unique qualities of the Internet
- EC on the Internet should be facilitated on a global

Federal Electronic Commerce Program

Recent Events

"EC For Buyers and Sellers

A Strategic Plan for Electronic Federal Purchasing and Payments"

- Electronic Commerce in Federal Procurement Act of 1998
 - Positions the government to better leverage technology advances
 - Not a "one-size-fits-all" solution.
- Vision -All agencies will support programs by making available customerfriendly electronic purchasing tools integrated with end-to-end commercial electronic processing of payment, accounting, and performance information
- Strategy:
 - Foster EC Partnerships
 - Foster EU Partnerships
 Integrate High-Volume Services End-to-End

 » Enhance Use of Purchase Card

 » Streamline Catalog Ordering

 Re-Engineer Buying and Paying Functions

Federal Electronic Commerce Program

http://www.policyworks.gov/epic/

E-Grants

Access America Report mandate

- ◆ Procuremts = \$200 billion
- ◆ Grants = \$300 billion
 - State & local -- Research
- Build a consolidated electronic federal grants application system.
 - Establish an interagency working group
 - Develop governmentwide grants business model
 - Provide a common interface for customers
 - Tie the system to the payment reengineering efforts underway at the Department of Treasury
- Interagency E-Grants Committee

Ecderal Electronic Commerce Program

GOVERNMENTWIDE Electronic Grants Web, Internet, and EDI/Batch EDI Datastream Universities State Governments Local Governments Non-Profit Organizations Government Agencies Small Businesses **Agency Service Centers**

Catalogs (E-Cats)

- **◆** GSA Advantage
 - http://www.gsa.gov
- ◆ Defense Logistics Agency E-Mall
 - http://www.supply.dla.mil/emall/homepg h.htm
 - DLA Wing, Navy Wing, GSA Wing (Advantage)
- ◆ ArNet for more www.rnet.gov

Federal Electronic Commerce Program

GSA Advantage!tm

- ◆ Internet-based
- Accesses current data on all GSA products and services
- ◆ Order placement
- ◆ Geared to the new end-user
- ◆ Simplified process, access
- ◆ Allows use of IMPAC card
- ◆ Average sales-\$5 million/month.

CommerceNet Catalog Interoperability Pilot

- Problem: Growing number of Federal and Non-Federal Electronic Catalogs -- Too costly and hard to research
- ◆ Solution: Search capability across catalogs
- ◆ Govt / CommerceNet partnership
- ◆ CommerceNet brings
 - neutrality
 - experience
 - key industry players
 - commercial marketplace solutions

CommerceNet Catalog Interoperability Pilot

- ◆ Federal players
 - GSA -- NASA -- DLA --DISA -NIST -- Others
- ◆ Benchmarks
 - Study completed -- April: proposal
 - Pilot period: May-Aug
- ◆ Goal:
 - Test catalog interoperability
 - Test various security solutions

Post-Pilot Actions

- ◆ Federal Review of Pilot
- ◆ Present Results to Major Federal Councils
- ◆ Develop action plan for implementation

The ACES Trust Model is built on: 1) ACES Certificate Policy based on robust ID proofing, 2) Binding bi-lateral agreements among all PKI participants. GSA Master Contracts **GSA** ACES CP CA CA CA Relying Party Agreements Subscriber Agreements Relying Relying Public Public Party Party Certificate Holders Federal Agencies

Virtual Information

- ◆ ARNET (Acquisition information) http://www.arnet.gov
 - Regulations
 - Policy
 - Links
- ◆ EC Navigator http://204.34.175.39/
 - Buyer and seller info
 - CCR

aderel Klastmanic Commence Property

For more information on Federal electronic commerce . . .

Federal EC Program Office http://EC.Fed.Gov/ 202-501-7092

Key Drivers in Federal EC Strategy

- Web Technologies
 - Easier, Cheaper, More Ways of Doing EC (when people are in the loop)
 - EDI for machine-to-machine
- Card Technologies-More flexible, secure ways of doing EC
- ◆ High-Level Support in Govt

Federal Electronic Commerce Program

Future of Federal Electronic Commerce

- ◆ Push toward "Big EC"
- ◆ Expanded Vision and Concept
 - EDI / EBT / EFT / E-Cats / Cards /
- ◆ Emphasis on Standards/Interoperability
- ◆ More E-Catalogs Shared & Secure
- ◆ Web-based Solutions with Security
- Greater Use of Card Technology for Access, Portability, and Outsourcing
- → More Partnering Govt Industry

Federal Electronic Commerce Program



GSA Smart Card Program Overview



- Definition
- Administration Policy
- GSA leads through example
- Govtwide leadership
- Policy and Guidance
- Outreach
- Partnerships
- Pilots



Payments and Public Key Infrastructure

What is a Smart Card?

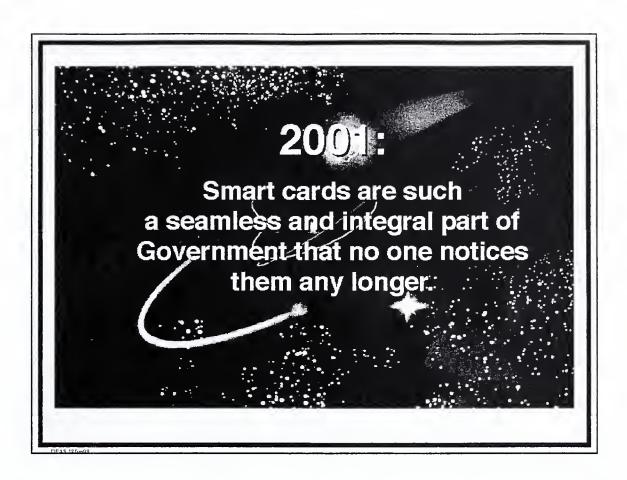
A credit card sized chip card with a microprocessor which reads, writes, and calculates.

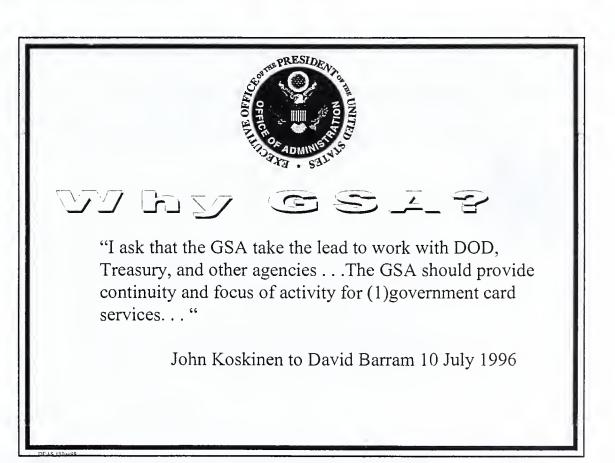


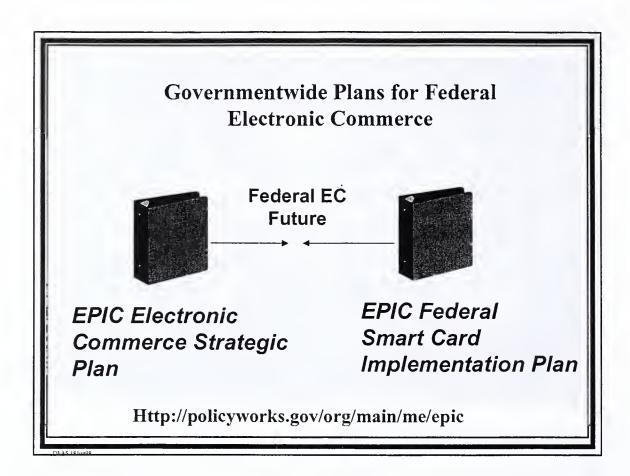
President's FY 98 Budget . . .

"The Administration wants to adopt smart card technology so that, ultimately, every employee will be able to use one card for a wide range of purposes, including travel, small purchases, and building access."









Family of Guidance Publications



- EC Plan
- Smart Card Implementation Plan
- Open Govt Framework
- Application Guidelines
- Interoperability Guidelines





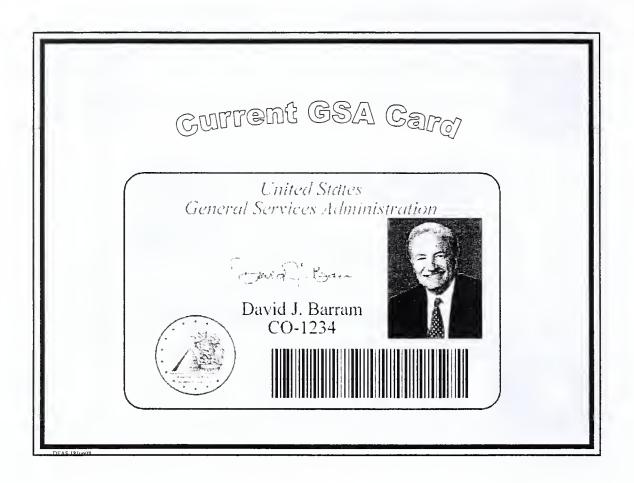
Interoperability Guidelines

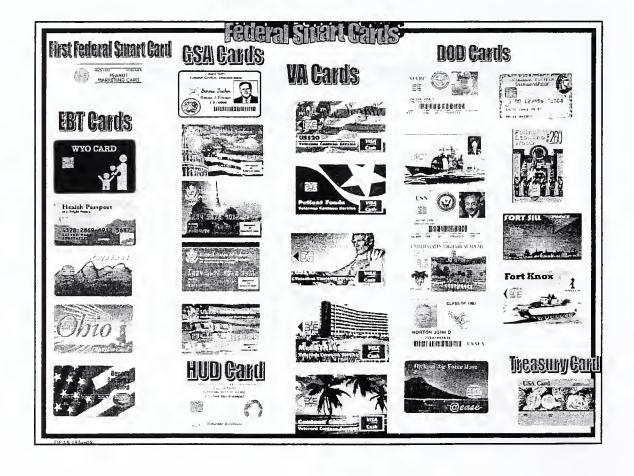
- To ensure gov smart cards can be read in gov readers
- Comments received from around the globe
- Final out this summer

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Technical Interoperability Summary

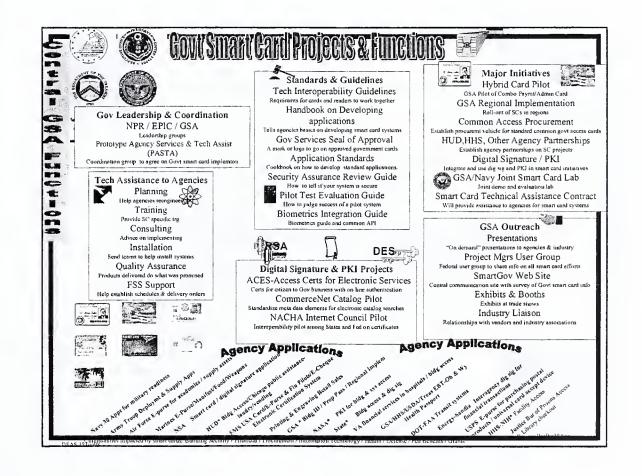
- Purpose Keep agencies from reinventing smart cards over & over
- Guidelines are not mandatory but strongly encouraged
- Based on ISO 7816 & EMV
- Updated to address new technologies
 - Java
 - Biometrics

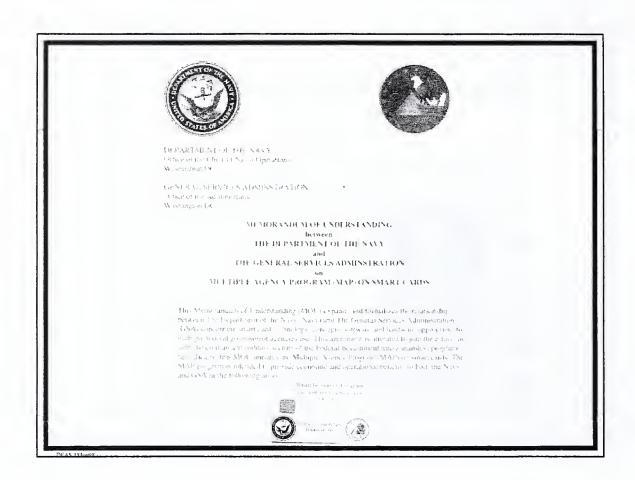


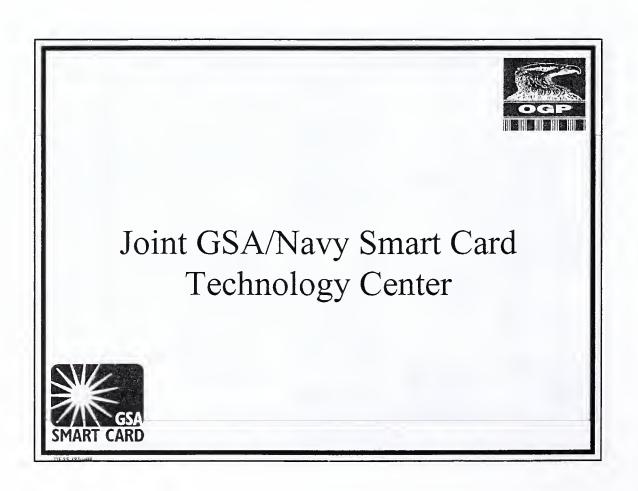


Smart Card Project Managers Group

- Governmentwide in scope
- Info sharing, presentations by experts on smart card topics
- Over 100 attendees
- 70 at last meeting
- More than 40 agencies
- Next meeting Sep 17 10am American Architects Bldg at 18th and New York Ave







Background



- MOU
- Barram/Hancock Ceremony Fall 97
- Jointly funded GSA & Navy

WHAT IT IS



- GSA/NAVY MAP EFFORT
- LOCATED AT GSA HQ
- DEMONSTRATE SMART CARD APPLICATIONS
- EVALUATE DEVELOPMENTAL EFFORTS
- FOSTER STANDARDIZATION
- OPENING LATE SUMMER 1998

TECH CENTER APPLICATIONS



- SECURITY ACCESS
- BIOMETRICS
- NAVY MEDICAL/DENTAL/BRIG
- STORED VALUE
- DIGITAL SIGNATURE
- TIME & ATTENDANCE
- KIOSK
- VENDOR DISPLAYS

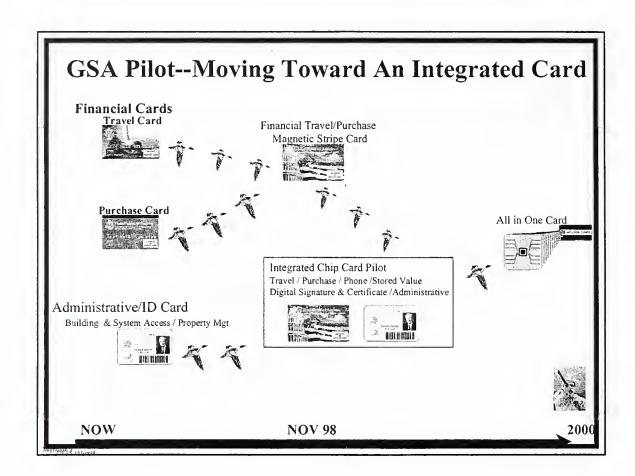
Card Design



- ICC card
- Gem Plus 8K DES-3 EMV
- Two cards
 - VIP version
 - Dummy card
- Future
 - Contactless
 - Digital Signature
 - Other financial apps

Card Services Contract and Hybrid Card Pilot





Pilot Features



- Multi-application 500 card pilot
- All FTS employees in Fairfax bldg participate
- 50 employees at HQs
- Appearance of card . . .
 - One side GSA ID
 - Other side Travel/Purchase card

Power of Card



- Travel & Purchase
- Access to bldg, secure areas inside
- Personal property
- Phone
- · Library card
- Reservation straight to airline gate
- Digital signature for secure database access, LANs, secure e-mail and Internet access

Technologies Used



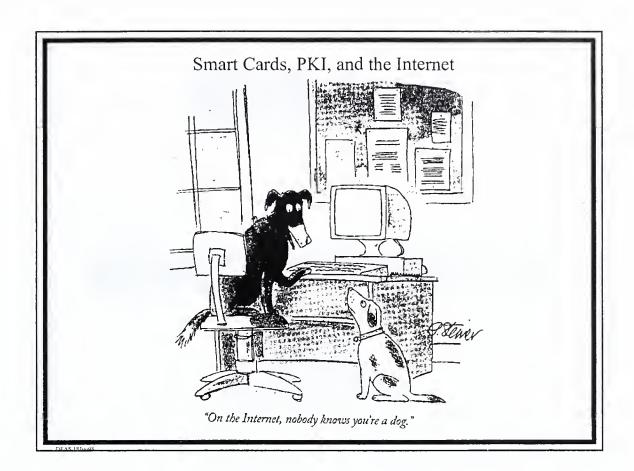
- Microprocessor
- Standard swipe & magnetic capability as finance and travel card (mag stripe overprinted)
- Contactless bldg access capability
- · Digital photo
- Dynamic ability to load applications
- JAVA applet capable
- Test of Multos card



Issues to be Resolved

- How to work out joint issuance of cards
- Liabilities
- Rules for certificate-based process
- First applications for digital signature







The ACES Concept

- Aimed at public to govt secure transactions
- Multiple award contract
- Use proven technology
- Identity verified by vendors
- Used by multiple Federal applications
- Cost borne primarily by Federal agency
- Token software or smart card

SmartGov Web Site

http://policyworks.gov/smartgov

Bill Holeombe 202208-7657 bill holeombe@gsagov

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SUSAN M. MENKE Chief Technology Editor Government Computer News

Susan has 14 years experience reporting on information technology issues. She heads a staff of six reporters and reviewers who cover federal IT products and services, enterprise and desktop computing, and communications.

Ms. Menke, a graduate of the College of William and Mary, holds a master's degree from George Washington University. She lives in Bethesda, MD, where she is active in several community service organizations.



COMMANDER MICHAEL W. SKRATULIA SUPPLY CORPS UNITED STATES NAVY DEPUTY Don ACQUISITION REFORM EXECUTIVE

Born in Lakewood and raised in Pico Rivera, California, Commander Michael Skratulia enlisted in the Navy in 1973. He served on USS Halcakala, USS Enterprise and USS Samuel Gompers in the Navy's nuclear power program. He advanced to Machinist Mate Chief Petty Officer before he was commissioned as an Ensign after graduation from Officer Candidate School in 1981.

After attending Navy Supply Corps and Submarine School, Commander Skratulia was assigned as the Supply Officer on the USS Tinosa and completed a follow-on tour as Supply Officer on the USS Gurnard. From 1985 to 1987 he was assigned as a Naval Acquisition Contracting Officer (NACO) intern at Naval Supply Center, San Diego. He was next assigned to the USS Mckee where he served as Stores, Customer Service and Supply Quality Assurance Officer.

Following the sea tour he attended San Diego State University where he received his Masters in Business Administration. In 1992 he became the Assistant Chief of Staff for Logistics on Submarine Group Five staff. Following the sea tour he attended San Diego State University where he received his Masters in Business Administration. In 1992 he became the Assistant Chief of Staff for Logistics on Submarine Group Five staff. Following that tour he was transferred to Washington, DC and was assigned to Naval Air Systems Command to serve as the Contracting Officer for the T-45 Contractor Logistic Support and Integrated Logistic Support programs. In 1996 he was promoted to the Deputy Department Head for Contracts at NAVAIR supporting the V-22, AV-8, T45TS, E-6A, AH-1, VH-3/60, H-53, P-3, S-3, H-60, SH-2, and other Airborne ASW systems. In June 1997 he was named to his present position.

Commander Skratulia's education includes a Bachelors Degree in Business Administration from National University (Cum Laude) and Masters Degree in Business Administration (Finance) from San Diego State University.

His personnel decorations include the Meritorious Service Medal (two awards), the Navy Commendation Medal and the Navy Achievement Medal (two awards).



Terry D. Miller President Government Sales Consultants, Inc.

GSCI was formed in 1973 and is engaged in assisting federal agencies and vendors with all aspects of the procurement process with emphasis on procurement of ADP equipment, software and services.

GSCI performs such services as RFP preparation, feasibility studies, A-76 studies, proposal evaluation, GSA schedule negotiations and life cycle costing evaluations. GSCI has a ten member professional staff engaged in assisting a wide variety of vendors and agencies in several industry categories.

Prior to forming GSCI, he was employed at GSA as a computer equipment analyst and a procurement analyst in the Automated Data and Telecommunications Service for a period of over four years. Prior to his government service at GSA, he was employed for eight years at FCC as a computer equipment analyst, systems analyst, programmer and Chief, Computer Operations Branch. Mr. Miller joined the government in 1959 as a systems analyst with the Department of the Army.

His federal career included extensive experience in systems design, computer operations, computer programming, workload analysis, feasibility studies, RFP preparations, proposal evaluation, life cycle costing computations, requirements contracts negotiations, procurement policy formulation, etc.

GSCI is active in the use of time sharing services and in-house ADP capability for life cycle cost evaluations for both hardware and TSP service procurements.

He received his B.A. from Central College in Pella, Iowa and did graduate work at the University of Florida. Mr. Miller is the author of Federal ADP Procurement, a book designed to assist buyer and seller with understanding the procurement system and numerous other articles, monographs and books dealing with high technology contracting in federal, state and local governments. Mr. Miller also authors Procurement Systems Digest which is a monthly newsletter dealing with procurement aspects of high technology items. GSCI has also published a handbook on TSP procurement. Mr. Miller has conducted General Procurement and ADP Procurement Seminars for numerous agencies and vendors.



JOSEPH J. PETRILLO, ESQ. PETRILLO & ASSOCIATES 1101 15TH STREET, N.W., Suite 605 WASHINGTON, D.C. 20005 202-887-4848 202-887-1121 (FAX)

Mr. Petrillo and his firm specialize in Government contract matters. He has over 23 years experience in Government contract law. The firm represents clients in all legal aspects of dealing with the Government under various types of contracts. These include preaward litigation and protests, claims, appeals, and disputes, compliance with regulatory requirements, small business program representation, and debarment and suspension proceedings.

Mr. Petrillo and his firm are particularly active in the acquisition of information technology, and have represented the following types of clients:

- Systems integrators from basic office automation through supercomputers and large mainframe systems;
- Manufacturers of computers from microcomputers through mainframes, and other computer and telecommunications hardware:
- Suppliers of commercial off-the-shelf software;
- Developers of custom software;
- Providers of facilities management and related support services;
- Time-sharing vendors; and
- Telecommunications companies.

Mr. Petrillo is a past Chairman of both the Government Contracts Section of the Federal Bar Association and its Government Contracts Committee, as well as a Vice Chairman of the Information Systems Committee of the ABA's Public Contracts Section. A frequent instructor, he regularly lectures for various groups, including Federal Publications, the American and Federal Bar Associations, the George Washington University government contracts program, the Conference of Federal Data Center Directors, and the National Contract Management Association.

A member of the Advisory Board for the <u>Federal Contracts Report</u>, published by the Bureau of National Affairs, Mr. Petrillo also writes a column on "Federal Contract Law" for <u>Government Computer News</u>. He has authored a text on "Government Information Systems Procurement" and his works have appeared in <u>Contract Management</u>, <u>The Legal Times</u>, and the "Briefing Papers" series of Federal Publications. In addition, he has been quoted on Government contract matters by <u>The New York Times</u>, <u>The Wall Street Journal</u>, <u>The Washington Post</u>, <u>The Washington Times</u>, <u>Legal Times</u>, <u>California Business</u>, <u>Government Executive</u>, <u>Aviation Week and Space Technology</u>, <u>Federal Computer Week</u>, and <u>Government Computer News</u>.

Mr. Petrillo is admitted to practice before the U.S. Supreme Court, the U.S. Courts of Appeals for the Federal and District of Columbia Circuits, the U.S. District Courts for the District of Columbia and the Central District of California, U.S. Court of Federal Claims, and the District of Columbia Court of Appeals. He also practices regularly before the Boards of Contract Appeals, the U.S. General Accounting Office, and SBA's Office of Hearings and Appeals.

Mr. Petrillo received his undergraduate degree from the Georgetown University School of Foreign Service, and his law degree from the Georgetown University Law Center, where he served as an Editor of the <u>Georgetown Law Journal</u>. He is a graduate of Regis High School in New York City.



Procurement Reform — Risk and Opportunity

Five Opportunities

1. The Virtual Sole-Source Contract.

GSA Multiple Award Contracts, Basic Agreements, and Government-Wide Acquisition Contracts permit Federal agencies to award contracts without competition more easily than at any time since enactment of the Competition in Contracting Act in 1984. Less competition can mean more profit.

2. The Modified Commercial Item.

New rules make it easier than ever to qualify a product as a "commercial item." Not even "minor modifications" will deny this status. And commercial items are exempt — or potentially exempt — from a variety of requirements, such as cost and pricing data.

3. Services As A "Commercial Item."

Some services can qualify for the lenient treatment accorded "commercial items." And Government interpretations have made it even easier to qualify. For instance, even services sold on an hourly basis can be a "commercial item" under GSA Multiple Award Schedule contracts.

4. Salesmanship Is Back

The CEO of a successful contractor has said that the process Government purchasing has moved from an intellectual process to a "relational" one. In other words, buying with the heart instead of the head. This suggests a new marketing paradigm.

5. *Government-By-Contract*.

If privatization ever takes off in the Federal Government, there will be additional contracting opportunities in totally new areas.



Five Risks

1. The Contract From Hell.

In the past, a problem contract with an uncooperative agency was bad enough. Now, with the advent of past performance ratings, it can be a disaster.

2. The "Brooklyn Bridge" Contract

An indefinite-quantity contract with a tiny minimum and an enticing maximum may turn out to be a promise unfulfilled. The total of all maximum amounts under all such contracts may exceed the procurement budget. Some IDIQ contracts might simply be awarded to provide the appearance of competition.

3. Just Because You Didn't Certify

In an effort to streamline contracting and reduce paperwork, numerous certifications are being dropped. However, the underlying obligations might still apply. Without a certification, some contractors may forget this. But the Inspectors General are still in business.

4. The Accidental Volunteer

Some procurement reforms are on shaky legal ground. If challenged, they might be overturned. And if it's your contract that is challenged, you have "volunteered" to be the agency's test case.

5. The Party's Over.

The increasing lack of accountability will ultimately lead to abuses. When these become publicized, there may be a reaction, which is likely to go too far, and in the wrong direction.



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The Federal Supply Service has become and major player in the Tar field of innovative procurement But perhaps its Multiple-Award and Schedule has become too imioyahye

Originally, the of governmentwide discounts negotiated by the General Services Administration for small purchases of simple commercial items. Buys in excess of \$50,000 had to be advertised in advance, in the Commerce Business Daily, to make sure competition wouldn't yield a better value mit And orders were subject to a \$300,000 ceiling, called a maximum order limit which was later raised to \$500,000 are

The new rules, however, open up the schedule considerably. Gone is the requirement to post a synopsis in the Commerce Business Daily for buys of any Amount Buys over the ceiling company became permissible, and so it effectively vanished Services were added, even it is those at hoursy rates. And vehicles called a blanker purchasing agreements permit 4 mix and marchebuss at special pricesory # In effect, the schedule is now a mechamsm for buying anything remotely commercial without competition. Are there any limits ar alka redi province sale alle general sale sale con constant sale sale sale But is it legal? 10000 sales 10%

Apparently, the entire new procedure is open to fuestion. In a 1992 decision, the General Accounting Office declared ille gal the process of getting lower prices for purchases over the maximum order ceiling Komatsu Dresser Co., 71 Camp Gen. 260 (1992)].

33:GAO reasoned that the Federal Supply? Service meethe statutory requirement for competition only for orders at or below her the ceiling to miss proposed a disce

Another limitation is that it is usually improper to combine schedule items with nonschedule goods and services in a single contract. GAO ruled accordingly in a case dealing with the schedule buy of offthe-shelf software along with services to modify the software that were not then included on schedule contracts [American] Management Systems Inc., B-216998, July a

The Court of Federal Claims recently handed down assimilar decision [ATA] Defense Industries v. U.S. No. 97-3826 to June 27-4997 The court issued and plant mjunction stopping a procurement of in the ingrange upgrade equipment. Some of the equipment was available on schedule contracts but more than a third wis not.
The agency was unable to shoehorn it.
schedule buy into a sole source justing.

the rest of the contract of the last

GSA seems to have pushed MAS beyond Congress' original intent

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Beyond the limits of the specific facts at issue, there is also language in the cases that casts broader doubts on the new shape of the

In the Komatsu Dresser case, GAO noted that Congress authorized the continuation of the schedule under the Competition in Contracting Act to "enable user agencies to acquire small quantities of commercially available goods and services with minimal administrative burdens." The program now goes well beyond that modest aim.

Also, the court ruling in ATA Defense Industries notes that the current program may not meet the requirement under CICA that a schedule contract order be the "lowest overall cost alternative." An e-mail message appearing in the administrative record noted that competitive contract prices were historically 20 percent below the schedule prices.

Even more interesting was the emphasis the court gave to an oft-neglected part of CICA. Under the law, an agency must use

the competitive procedure or combination of competitive procedures best suited to the procurement. Thus, if an agency uses the schedule for a high-dollar buy, it needs to have some justification for taking this route.

Stretched thin

All this suggests that GSA may have stretched the schedule program too far. The major benefits of schedule contracting are speed and simplicity. It is a cure for the cumbersome process under the now-defunct Brooks Act. But robust competition was a major strength of the Brooks Act. The schedule virtually abolishes competition.

The migration from Brooks Act contracting to unfettered schedule buys marks a swing from one extreme to another. We are still seeking a process that delivers new technology before it is obsolete, while harnessing the cost-cutting power of competition.

Joseph J. Petrillo is an attorney with the Washington law firm of Petrillo & Associates.

Government Computer News ● August 11, 1997



In its final unveili FAR Part 15 rewi has some of this, that derivered believe seems men there i



At last it has in the arrived—the longawaited rewrite of the Federal Acquisition Regulation's Part 15, the basic rules for negotiated procurements.

Various drafts of the

rewrite have been the

subjects of prior columns, but now the final version is here.

The most controversial aspect of the FAR 15 rewrite has been the effort to let agencies narrow the competitive range: The final regulation reflects something of accompromise and thus lacks clarity Contracting officers must no longer include borderline proposals. Instead, the competitive range must now consist of

"all of the most highly rated proposals." That moderately certain standard is subject to two important exceptions: First, the contracting officer can further restrict the competitive range in the interests of efficient competition, if the solicitation warns offerers of the possibility. Second, an agency can cast an offerer out of the competitive range during discussions evernif the discussions have not addressed call material aspects of the proposalia.

The two exceptions add significant questions that detract from the certainty of the highly rated proposals test.

Past protection

Another highlight of the new Part 15 is us use of past performance evaluation cuterra. The rewrite adds protections for offerers that find that negative past perso formance ratings endanger their competitiveness. An agency cannot omit an offerer from the competitive range unless it is gives the offerer an opportunity to respond to the negative ratings.

Moreover, even when an agency plans to make an award without discussions, were communications about past performance information are deemed permissible clarifications : अध्ययन कार्य अध्यान महामार्थ विकास

The rewritten FAR section also advises on using multistep procurements

In this innovation an agency can ask the for preliminary information from offerers; to discourage those with poor prospects. Even if an agency tells a company that it, is not a viable competitor, the company can still submit a proposal a zatisfación acción Also as expected. Pare 15 includes a print new section on the exchange of informa tion between an agency and a prospective contractor. The new regulation promotes as freer communication between industry and government, especially during the fricing preproposal stage with the property in the Procurement veterans will have to suite a learn some new definitions when it comes to terms such as communications, discus-

see CONTRACT LAW next page AV

Rewrite tags terms with new meanings

CONTRACT LAW from previous page sions and clarifications. The rewrite gives terms a new twist, and a new category joins

Basically, the rewrite expands clarifications from corrections of minor or clerical errors to responding to past performance rat-

In the new Part 15, communications occur between a vendor and an agency before the establishment of the competitive range and assist in that process.

The rewrite defines discussions as negotiations in the context of a competitive procurement. These can now include talks about contract requirements, such as clauses that are not mandatory.

A potentially useful expansion of discussions includes notification by the government that a vendor should expand a proposal beyond the minimum requirements.

Alternatively, the agency can suggest that an offer would be more competitive if it had fewer extras and a lower price tag. Such notification is a useful antidote to the problem of increasingly vague and uninformative evaluation criteria.

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Government Computer News ● October 27, 1997 ●



FAR Part 15 rewrite leads to confusion as much as conclusion

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My last column dispassionately summarized the major changes in the final FAR Part 15 rewrite. Now, I get to say what I really think about it.

I am of two minds about the revised Part 15 of the Federal.

Acquisition Regulation. For that matter, the new rule seems to be of two minds. It points in opposite directions on several important issues.

The schizophrenic nature of the new regulation appears in its first change. According to the rewrite, "All contractors and prospective contractors shall be treated fairly and impartially." So far, so good.

But the sentence continues: "... but need not be treated the same." (Someone must have been reading "Animal Farm.")

What about situations in which being treated fairly means being treated the same as another vendor? In that case, which part of the sentence takes precedence? Can fair treatment mandate equal treatment? Or, can the exemption for treating vendors not the same, excuse treatment which otherwise might not be fair and impartial? Wait and see.

Another example is the regulation encouraging information exchanges who between the government and industry. The freer exchange of information has many potential benefits, but it also poses some risks, as the FAR acknowledges.

Telling statement

So the FAR directs that when one bidder gets information about an acquisition that "would be necessary for the preparation of proposals," the agency needs to make the information public "to avoid creating an unfair competitive advantage."

But such information "shall not be disclosed if doing so would reveal the potential offerer's confidential business. strategy." What if both are true: the information would reveal the bidder's strategy. but it still is necessary to prepare proposals? The regulation gives no guidance For that matter, what about information that isn't necessary to prepare a proposal but is highly desirable? Wouldn't failure to release such information to the other competitors create "an unfair competitive advantage?" If so, then why shouldn't it be released too? Speaking of unfair competitive advan= tages the new regulation drops the former probabilion on technic I leveling. The term refers to the practice of multiple

monly describe negonaron founds that result in several by odes having essential by equal proposals from a technical nes

Rewrite gives Part 15 a split personality

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As a result, low price becomes the sole discriminator between the proposals, and it becomes determinative, even if the evaluation criteria nominally make technical factors of greater importance than cost.

When the government levels the proposals, doesn't it deny offerers with superior initial proposals impartial and fair treatment?

Finally, the new FAR Part 15 is too ambivalent to be summed up in one appraisal. Instead, I give the rewrite two grades: an A- and a D+, depending on the sections you read.

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Government Computer News • November 24, 1997 • 49



New protest venue promises seasoned bid dispute reviews



Congress giveth, and Congress taketh away.

The Information Technology Management Reform Act swept away the bid protest jurisdiction of the General Services Administration Board

of Contract Appeals. But in another law, Congress granted complete bid protest jurisdiction to a federal court, the Court of Federal Claims. This court has great promise as an expert and independent forum in which to air concerns about the

bidding process.

The Court of Federal Claims already spends about one-third its time on government contract cases, but these are appeals under the Contract Disputes Act. It previously had extremely limited bid protest jurisdiction, which applied only to cases filed before award. It resulted in less than a dozen decided cases each year.

Talk the talk

The good news for all concerned is that the judges of this court have significant exposure to, and experience in, the intricacies of federal contract law. Indeed, that is probably why they gained their new power to review all bid protest suits.

The same law ends the current bid protest jurisdiction of the U.S. district courts after four years. District court judges are generalists and are unlikely to know much about CICA (the Competition in Contracting Act), the FAR (the Federal Acquisition Regulation), the DFAR (the Defense Federal Acquisition Regulations) and the rest of the contracting acronym land. At least the judges at the Court of Federal Claims speak our language.

The prospect of a court suit has some major advantages over litigating a bid protest at the General Accounting Office. The court is not bound by GAO's extremely short and excessively strict time limits, although a plaintiff seeking to enjoin contract award or performance must act promptly.

A stay in contract performance is automatic under some circumstances when a protest is filed at GAO, but an agency can override it with a written finding. A court injunction, although it is not granted simply upon request, binds the agency.

Ascertaining the facts is usually crucial to success in a bid protest. The government must file an "administrative record" with the court in a protest case, and this is likely to be just as extensive as the report it would file at GAO. But where the written record is inadequate (or certain other exceptions apply), the court can permit depositions and other forms of discovery not available at GAO. Sometimes the facts are disputed even after all the documents are disclosed. Then, oral testimony

Bid protesters will now seek justice in the Court of Federal Claims

CONTRACT LAW from previous page is necessary. Both GAO and the Court of Federal Claims hold hearings where testimony under oath is adduced. Court hearings will reach every contested issue, but GAO tends to limit its hearings to specific narrow issues. Furthermore, the court has nationwide subpoena power to compel the attendance of reluctant witnesses.

Legislative creature

In the area of relief, there are pros and cons. Because it is a creature of the legislative branch, GAO can only recommend a remedy not order one. Because agencies that fail to take this recommendation must report themselves to Congress, most implement GAO's suggestions. mala gauen.

But there are usually one or two mavericks each year who opt to disregard a protest. defeat and take the congressional heat. The Court of Federal Claims can award the same

type of relief as GAO. Federal agencies are not, however, known to ignore court orders.

The one area where GAO affords more complete relief is protest costs. GAO routinely awards them to the prevailing protester. The Court of Federal Claims can do so only under very limited circumstanceswhen a small business prevails in a case where the government's position is not "substantially justified," and then only up to \$125 per hour. And a glitch in the new law makes even that limited power open to question.

All in all, the Court of Federal Claims looks like an effective and independent judicial protest forum. And, until bureaucrats become incorruptible and infallible, the procurement system needs one.

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Bumper-sticker logic: The four myths of procurement reform



Myth is a word with two very different meanings. It can be a story that is not literally factual but contains a spiritual or emotional truth. A myth also can be an unfounded belief that

obscures the truth.

Procurement reform includes several myths in this latter, harmful vein.

Myth No. 1: Simple is good; simpler is better.

An article of faith for those changing procurement laws is that the process is too complex and must become much simpler. To be sure, the procurement process, like any system, needs regular pruning. But is more simplicity always better?

The idea is afoot that complexity itself is the enemy. Pundits bemoan "the death of common sense" and call for a wholesale dismantling of rules. Others advocate the same prescription for somewhat different reasons. The controversial book, The Bell Curve, concludes that "complications that are only a nuisance to people who are smart are much more of a barrier to people who are not."

Dumb and dumber? 14 (1) (1)

Which view is correct? Will simplicity liberate good judgment or empower the inept? Is the procurement process being streamlined or just dumbed down?

Some contracting officials can navigate the current system, flaws and all, skillfully. These experts are intelligent, experienced and well-trained. But many others founder. It is these untrained contracting workers who drive the simplification program to its illogical extreme.

The simpler-is-better theory dead-ends in paradox. If acquisition officials are competent enough, for instance, to choose the best proposal without rules, then why aren't they savvy enough to handle the current system?

Myth No. 2: Procurement is the keystone of all problems.

Perhaps the most dangerous myth is that reforming the procurement process will solve all the problems. One anecdote offered by the reinventors is the \$100 steam trap that was bought only in large lots. While agencies waited months for delivery, thousands of dollars worth of steam was wasted. As those who work in procurement know, this was a logistics problem and not a contracting issue.

Procurement is about how to buy, not what to buy or when to buy. Poorly defined requirements and ill-planned programs will thwart progress, no matter how quickly the contracts are awarded. It won't matter that a federal agency gets the latest computer equipment if it can't use it properly and intelligently.

Don't oversimplify federal procurement

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Myth No. 3: Deregulation will lead to commercial practices and commercial efficiencies.

A lot of the current emphasis is on emulating commercial practices. Because the private sector doesn't have to deal with federal procurement practices, reformers reason that dismantling them will result in government agencies behaving like the best companies.

Unfortunately, the reformers have started at the wrong end of the process. Commercial practices work because they take place in a well-understood system of rewards and punishments, both institutional and individual. Until civil servants risk pay, promotion and even their jobs for not meeting goals, and until their agencies have profit-and-loss statements (or the moral equivalent), mere deregulation will not make things better.

Myth No. 4: Haste avoids waste.

This is a related myth. Everyone thinks the acquisition process is too long. But can it be too short, as well?

There are many reasons why things take too long, including the government's penchant for cramming everything imaginable into each contract vehicle. But the proponents of reform look to simple, global solutions.

For instance, instead of finding ways to cut down the enormous size of many proposals, the reformers scrap them in favor or oral briefings. To replace a maze of evaluation criteria, the reformers propose substituting a quick glance at the past-performance scoreboard of the bidders.

Tunnel vision

This way of thinking weighs only the cost of procurement and presumes that it offers no benefits. But, properly accomplished, the acquisition process results in the best value for taxpayer dollars. Given that the government spends billions each year, an intelligent investment in procurement can reap significant returns. The returns are difficult or impossible to quantify, so they are often ignored. Let's remember them before we turn contracting officers into highly paid order clerks.

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